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# **East Europe Report**

**ECONOMIC AND INDUSTRIAL AFFAIRS**

**No. 2089**



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CEMA ENERGY PROJECTS ON DANUBE DESCRIBED

East Berlin AM DDR-AUSSENWIRTSCHAFT in German Vol 8 No 47, 19 Nov 80 p 1

(Report by Information and Public Relations Department, GDR Ministry for Foreign Trade: "Socialist Countries Explore Energy Potential of Danube")

(Text) Socialist states along the Danube are uniting their resources and their strengths to achieve an increasingly intensive utilization of the energy potential of the Danube--the second largest European river--to provide safe flood control, to solve irrigation problems and, at the same time, to improve the conditions of international navigation on the Danube. Right now, Czechoslovakia, Hungary, Bulgaria, Romania and Yugoslavia are realizing three major joint projects.

'Iron Gates II': Romanian-Yugoslavian Cooperation Continues

With the construction of the hydroelectric and navigational complex "Iron Gates II," Romania and Yugoslavia are continuing their joint exploitation of the hydraulic potential of the Danube. In the late 1960's and the early 1970's, the two countries had cooperated to build the hydroelectric and navigational complex "Iron Gates I." With an installed power capacity of roughly 2,100 MW - 1,050 MW each on the Romanian and on the Yugoslavian side--the "Iron Gates I" system is the largest hydroelectric power station on the Danube. It also harnesses the Danube on one of its most dangerous, and energetically most productive stretches. Since late 1978, the new joint project, "Iron Gates II," is being built downstream. Although it will not be larger than the "Iron Gates I" complex, it will be more important for the national economy of both countries. The two hydroelectric stations which--like the locks for navigation--will be jointly operated and used by Romania and Yugoslavia, will be equipped with 16 turbines having a total installed power capacity of 432 MW. The first electricity will be supplied to the energy network of the two countries in 1983. In addition, the new reservoir will permit the irrigation of 20,000 hectares of agricultural land on the Romanian side alone.

## Gabcikovo and Nagymaros Hydroelectric Power Plants Are Equivalent to 3.6 Million Tons of Coal Each Year

The largest joint project of Czechoslovakia and Hungary until now has been the retaining dam built on the roughly 200 km long stretch of the Danube which forms the border between the two countries between Gabcikovo, south-east of Bratislava, and Nagymaros, north of Budapest. The main objectives of the project, the construction of which was agreed on in 1977 and which should be completed at the end of the 1980's, were:

- to provide flood control,
- to produce electricity, and
- to improve the conditions of international navigation on that stretch of the Danube.

The project includes an artificial lake storing 43 million cubic meters of water, a canal and two hydroelectric power plants. South of Bratislava, a 17 km long canal will take over the function formerly assumed by the bed of the Danube. Its embankment will reach 10 m above ground level, and its water level 14 meters. The canal will bypass the dangerous fords which exist on this stretch of the Danube; it will make navigation safer and, at the same time, feed the storage reservoir of the Gabcikovo hydroelectric power station. It will make it possible for larger ships to carry goods upstream up to Bratislava where a new port is being built. The old Danube bed, bypassed by the canal, will serve to discharge the flood waters which regularly threaten the fertile regions on each side of the river.

The Gabcikovo hydroelectric power station will have an installed power capacity of 720 MW. It will be placed in service progressively between 1986 and 1989. During a visit to the Czech section of the Danube project works, the vice-president of the Czech government, R. Rohlicek, pointed out that, although the decisive increase in Czechoslovakia's energy production during the next decade should be ensured by nuclear energy, the advantage of hydraulic resources and their use to produce energy should not be underestimated. A smaller hydroelectric power station will also be created on the Hungarian side, in Nagymaros, and it will also be connected to the network in the late 1980's. The two power stations will provide 3.6 billion kWh each year, as much energy as could be obtained from 3.6 million tons of coal.

## Embankment-Type Dam Also Enlarges Transport Route Between Bulgaria and Romania

The Nikopol-Turnu Magurele hydroelectric complex is a joint project of Bulgaria and Romania. On 5 April 1978, the first concrete for the realization of this joint project was poured in the presence of party and state leaders of both countries. A dam 2,100 m long and 15 m wide will be built on the Danube. At the dam, the water level of the reservoir will be about 12 m high. The pressure generated will be sufficient to operate two hydroelectric power stations having a total installed capacity of 800 MW. Each

of the power stations will provide annually 1.6 billion kWh of electricity to the Bulgarian and Romanian energy networks. Two large locks, equipped with the latest technology, will ensure the regular and smooth navigation of river and sea ships of up to 5,000 tons on the Danube, in both directions. All ports along this stretch of the Danube are being rebuilt, enlarged and modernized.

Over the dam, a railroad and a superhighway will connect the transportation networks of Bulgaria and Romania; they will help handle the increasing exchange of goods between these two countries and also between Bulgaria and other socialist countries. The Nikopol-Turnu Magurele hydrotechnical complex will also contribute to solving other problems, such as irrigation, fishing and environmental protection, in the adjacent regions of the two countries.

In the more distant future, vacation centers should also be created on both shores of the artificial lake.

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REPORT ON CONCLUSION OF NATIONAL ASSEMBLY SESSION

Sofia RABOTNICHESKO DELO in Bulgarian 9 Dec 80 p 1, 2

[BTA Report: "Adoption of the Law on the Plan for Socioeconomic Development in 1981 and 1982 and the Law on the 1981 Budget"]

[Text] The 15th session of the Seventh National Assembly ended on 18 December 1980. The last session was chaired by Vladimir Bonev, National Assembly chairman.

The people's representatives held their second round of debates on the draft plan for the socioeconomic development of the Bulgarian People's Republic in 1981 and 1982 and the draft 1981 budget.

Evgeni Mateev, the commissions' reporter, reported on the views of the permanent commission for socioeconomic development and the legislative commission. He suggested in their behalf that the list of projects to be built in 1981 and 1982 include several projects additionally adopted by both commissions on the suggestion of the permanent commissions of the National Assembly and the people's representatives.

The speakers for the Council of Ministers which submitted the draft bills included Kiril Zarev, deputy chairman of the Council of Ministers and chairman of the State Committee for Planning, and Seicho Belchev, minister of finance.

The people's representatives unanimously passed the Law on the Unified Plan for the Socioeconomic Development of the Bulgarian People's Republic in 1981 and 1982 With the Supplements.

(The law on the unified plan is published separately.)

The National Assembly also unanimously adopted the Law on the State Budget of the Bulgarian People's Republic for 1981.

(The law on the state budget is published separately.)

This concluded the final 1980 session of the Seventh National Assembly.

This marked the completion of yet another major event in the life of socialist Bulgaria. The adoption of the laws on the plan and the budget marks the beginning of a new stage in the socioeconomic development of the country. The implementation of the party's stipulations on further enhancing the living standards of the

people has been undertaken. This firmly rests on the basic stipulations of the 1981 and 1982 plan--the plan for first two years of the new five-year plan--and the 1981 budget.

Closing the session, Vladimir Bonev, National Assembly chairman, called upon the people's representatives to cooperate most energetically in the interpretation and implementation of the laws passed by the National Assembly and to make their contribution to the fulfillment and overfulfillment of the socioeconomic development plan, the prosperity of the people, and the further blossoming of the socialist homeland.

#### Law On the Unified Plan For the Socioeconomic Development of the Bulgarian People's Republic in 1981 and 1982

Article 1. In accordance with the main socioeconomic task of the development of the Bulgarian People's Republic in the Eighth Five-Year Plan, taking into consideration the achieved successes and the new conditions and tasks related to the further enhancement of the living standards of the people through the accelerated application of scientific and technical achievements and the most extensive utilization of organizational and other factors for upgrading effectiveness and quality, the National Assembly hereby ratifies the following basic indicators of the Unified Plan for the Socioeconomic Development of the Bulgarian People's Republic in 1981 and 1982:

1. The following increases shall be achieved in 1981 compared with 1980 and in 1982 compared with 1981:

- a) National income: 5.1 percent and 5.0 percent respectively;
- b) Social labor productivity: 4.8 percent and 4.9 percent respectively;
- c) The volume of planned industrial output in comparable prices, 5.6 percent and 6.0 percent respectively;
- d) The volume of agricultural output in comparable prices: 4.7 percent and 2.7 percent respectively;

2. The volume of capital investments shall total 7,050,000,000 leva in 1981 and 7,450,000,000 leva in 1982.

Article 2. In order further to upgrade the living standard of the people the following increases shall be achieved in 1981, compared with 1980, and in 1982, compared with 1981:

1. Real per capita income: 3.1 percent and 2.9 percent respectively;
2. Volume of retail trade: 4.8 percent and 4.3 percent respectively.

Article 3. (1) The Council of Ministers shall organize the implementation of the Unified Plan for the Socioeconomic Development of the Country in 1981 and 1982.

(2) The Council of Ministers shall include in the list of projects to be built in 1981 and 1982 the projects additionally adopted by the Permanent Commission for Socioeconomic Development and the Legislative Commission, as submitted by the permanent commissions of the National Assembly and by people's representatives.

(3) The ministries, other departments and executive committees of okrug people's councils shall provide the necessary conditions for the fulfillment and overfulfillment of the plan, paying particular attention to the systematic application of the economic approach and the new economic mechanism and to the development of a model socialist organization of labor, the strengthening of planning discipline and insuring the rhythmical implementation of planned assignments; conditions shall be created for increasing the production of goods and services for the comprehensive satisfaction of population requirements by settlement systems, for reducing outlays of raw materials, materials and labor, increasing the load handled by production capacities, and insuring the full utilization of the possibilities resulting from the expanded rights of economic organizations.

**Article 4.** It is recommended to the National Council of the Fatherland Front, the Central Council of Bulgarian Trade Unions, the Central Council of the Dimitrov Communist Youth League, the Scientific and Technical Unions and the managements of the other public organizations and movements to cooperate with the state organs and economic organizations in the development of the socialist competition and the mass application of leading experience in finding possibilities for upgrading effectiveness and quality and insuring the successful fulfillment and overfulfillment of the tasks based on the unified plan.

#### **Concluding Stipulation**

**Only paragraph.** The implementation of this law is assigned to the chairman of the Council of Ministers.

### **Law On the State Budget of the Bulgarian People's Republic for 1981**

#### **Section 1**

##### **State Budget of the Bulgarian People's Republic for 1981**

**Article 1.** The state budget of the Bulgarian People's Republic for 1981 is hereby ratified as follows:

1. Revenues....15,384,600,000 leva.

2. Expenditures....15,369,600,000 leva.

3. Surplus of revenue over expenditures....15 million leva.

**Article 2.** The state budget revenue from profits and other income from the socialist economy shall total 10,435,800,000 leva.

**Article 3.** The state budget outlays, excluding funds provided for such purposes by economic ministries and other departments from their own funds, shall be the following:

1. Financing the national economy: 7,880,900,000 leva.
2. Expenditures for socio-cultural measures: education, science, culture, health care and social insurance, 5,312,000,000 leva, of which 2,523,400,000 from the budgets of the state social insurance and the council for mutual insurance of members of labor-production cooperatives.
3. Maintenance costs for the state administrative authorities, state administration, the courts and the procurator's office: 262,300,000 leva.

**Article 4.** Ratifies the 1981 republic, including funds related to the budgets of the people's councils, the budget of the state social insurance and the budget of the council of mutual insurance of members of labor-production cooperatives, as follows:

1. Revenues: 11,412,900,000 leva.
2. Expenditures: 11,397,900,000 leva.
3. Surplus of revenues over expenditures: 15.0 million leva.

**Article 5.** Ratifies the combined budgets of the people's councils for 1981, by okrug, as follows:

Okrug	(in million leva)
	Revenues and expenditures, totals
1. Blagoevgrad	101.3
2. Burgas	126.0
3. Varna	142.9
4. Veliko Turnovo	112.6
5. Vidin	53.4
6. Vratsa	53.7
7. Gabrovo	71.0
8. Kurdzhali	88.5
9. Kyustendil	64.5
10. Lovech	69.1
11. Mikhaylovgrad	66.9
12. Pazardzhik	88.3
13. Pernik	61.1
14. Pleven	85.7
15. Plovdiv	189.0
16. Razgrad	68.3
17. Ruse	83.7
18. Siliстра	62.5
19. Sliven	81.5
20. Smolyan	81.4
21. Sofia People's Council	361.8
22. Sofia - Okrug	98.3
23. Stara Zagora	126.5
24. Tolbukhin	80.0
25. Turgovishte	61.2
26. Khaskovo	90.5

27. Shumen	86.9
28. Yambol	67.3
Total:	2,953.9

## Section II

### Report on the Execution of the 1979 State Budget of the Bulgarian People's Republic

Article 6. (1) Approves the report on the execution of the state budget of the Bulgarian People's Republic for 1979 as follows:

1. Revenue 11,171,900,000 leva

Including:

Revenue from the national economy 7,571,900,000 leva

2. Expenditures 11,075,700,000 leva

Including:

A. Expenditures for the national economy 5,237,600,000 leva

B. Expenditures for education, science,  
culture, health care and social insurance 3,783,000,000 leva

Of these, for the budgets of the state insurance and the council on mutual in-  
surance of members of labor-production cooperatives.....1,526,800,000 leva.

C. Expenditures for the organs of the state power, state administration, courts  
and prosecutor's office.....2,280,000 leva.

(2) Approve the report on the execution of the republic budget for 1979 as  
follows:

1. Revenue 7,468,700,000 leva

2. Expenditures 7,440,400,000 leva

3. Surplus 7.8 million leva

(3) Approve the reports on the execution of the consolidated budgets of the  
people's councils for 1979 by okrug, as follows:

Okrug	(in million leva)	
	Income	Expenditures
1. Blagoevgrad	88.3	87.0
2. Burgas	126.1	126.7
3. Varna	133.0	125.6
4. Veliko Turnovo	88.9	87.3
5. Vidin	41.2	40.0
6. Vratsa	72.7	71.0
7. Gabrovo	63.5	62.4
8. Kurdzhali	64.3	63.2
9. Kyustendil	57.7	56.7
10. Lovech	60.7	59.7
11. Nishanyovgrad	56.5	55.6
12. Pazardzhik	70.3	69.2
13. Pernik	48.1	47.4
14. Pleven	78.3	76.7
15. Plovdiv	166.4	163.9
16. Rangrad	54.2	52.3
17. Ruse	80.7	77.4
18. Silistra	47.2	46.2
19. Sliven	70.3	68.9
20. Smolyan	67.5	66.5
21. Sofia People's Council	351.0	341.3
22. Sofia - Okrug	96.4	92.7
23. Stara Zagora	113.4	108.5
24. Toliukhin	76.6	74.6
25. Turgovishte	47.5	46.5
26. Khaskovo	80.7	79.3
27. Shumen	72.9	70.9
28. Yamboi	55.5	54.5
Total:	2,429.9	2,369.4

#### Additional and Concluding Stipulations

Paragraph 1. The Council of Ministers shall allocate the republic budget by ministry and other department and, if necessary, may make amendments in the combined budgets of the people's councils by okrug.

Paragraph 2. The implementation of the law is assigned to the chairman of the Council of Ministers.

COMMENT ON 1981/1982 ECONOMIC PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 9 Dec 80 p 2

[Article by Stoyu K'osev, first deputy chairman of the State Committee for Planning: "Foundation for All-Round Dynamic Development"]

[Text] The next five-year plan is particularly important as the basic administrative mechanism for the implementation of the party's program of building a developed socialist society in our country. This explains the greater attention which is being paid to the plan for the socioeconomic development of the country in 1981 and 1982--the first 2 years of the Eighth Five-Year Plan--shown by the party, the state and public organs, and all working people.

The two-year plan was based on the decisions of a number of party and state meetings which dealt with strategic and central problems of Bulgaria's socioeconomic development in the period of the developed socialist society. Among them the stipulations of Comrade Todor Zhivkov hold a central position. He stated that the successful building of a material and technical base of developed socialism can be accomplished only by combining the advantages of the socialist system with the most important achievements of the scientific and technical revolution, and that the concern of the party for the comprehensive development of the individual is directly related to upgrading the material prosperity and the extensive development of the creativity and self-initiative of all working people, on the basis of the new economic approach.

The basic problems whose solution leads to the implementation of the social and economic objectives of the plan are several.

The national income is the most synthetic indicator of the country's development. It will rise by 5.1 percent in 1981 and by 5 percent in 1982. This will make it possible for our development to take place at a calmer yet relatively high pace. It is particularly important that such increases will be almost entirely intensive, essentially through higher social labor productivity.

The accelerated application of about 300 scientific and technical projects, the economical use of energy, fuels, raw materials and materials, the improved organization of labor, based on engineering plans and the organization of a new type of brigades are the main factors on which higher production effectiveness is based. Close to 700 million leva will be saved as a result of the more efficient utilization of material resources. The virtually entire increase of the national income

will be achieved without any increase in the size of the personnel engaged in material production.

Profits, the main source for expanded reproduction and for the solution of social problems, will be 16 percent higher in 1981 and yet another 12 percent in 1982. This will considerably increase production profitability.

In order to reach the planned effectiveness, a tremendous percentage of the organizational work of state and economic organs must be focused on the implementation of scientific and technical assignments and the establishment of the new brigade organization of labor.

In the next two years a stable norm of accumulations will be maintained: about 25.5 percent for 1981 and 1982. At the same time, the structure of the accumulations funds will be improved by insuring the considerable increase in the volume of installed productive capital and of commercial and state reserves.

In order to maintain this ratio the state and economic organs must devote particular concern for the creation of legally substantiated reserves and prevent increases in the volume of unfinished construction.

In order to coordinate even better the size of capital investments with the available construction facilities and to improve the quality of plans for modernization and reconstruction, the plan calls for a reduction in the size of capital investments in the material area (excluding housing construction) as well as in the number of projects to be built. The volume of unfinished construction will be lowered by 10 percent. The construction organizations must focus their efforts on target projects and insure their timely completion. Investing and design organizations will be able to assign more time for the development of plans for new construction and for modernization and reconstruction in accordance with the requirements of the application of world standards in equipment and technology in the production of strategically important goods and the mechanization of activities in which the reduction of manual and heavy physical labor is most expedient.

The plan for socioeconomic development calls for further improvements in the material prosperity and the cultural standard of the people. Real population income will rise 3.1 percent in 1981 and 2.9 percent in 1982. The most considerable increases in trade will be in the area of food staples. At the same time, commodity stocks will be provided in a variety and structure consistent with the increased requirements and income of the population. Over 160,000 new housing units and 1,800 new classrooms will be built; no less than 100 settlements will be supplied with running water. Allocations for the development of culture, the arts, health care, the building of children's institutions and environmental protection will be increased considerably. The necessary prerequisites for the social development of the labor collectives will be insured.

The main tasks of the economic ministries and other departments in this area are to insure the trade resources and the development of the social area in terms of quantity, quality, and variety, time periods, and seasons, as stipulated by the plan. The timely and high-quality completion of all projects included in this section of the plan is of great importance.

These are decisive factors which will insure our dynamic development in the first years of the Eighth Five-Year Plan and are a guarantee for worthily welcoming the 12th party congress and the 1,300th anniversary of the founding of the Bulgarian state.

COMMENT ON 1981 STATE BUDGET

Sofia RABOTNICHESKO DELO in Bulgarian 9 Dec 80 p 2

(Article by Belcho Belchev, minister of finance: "Effective Utilization of Financial Resources")

(Text) The 1981 state budget adopted by the National Assembly is the budget for the first year of the Eighth Five-Year Plan. It was drafted in accordance with the decisions of the National Party Conference and all theoretical stipulations and specific instructions issued by Comrade Todor Zhivkov on improving the socialist organization of labor, the accelerated utilization of scientific and technical progress, the enhancement of the social effectiveness of social consumption funds and the strengthening of the organizing and controlling role of the leva.

In terms of volume and structure of revenues and expenditures, the 1981 state budget confirms and retains the principles of a socialist budget. Most of the revenue will come from the economic and other socialist organizations, withholdings for social insurance and other income; most of the expenditures will be for financing the national economy and the implementation of sociocultural measures. These principles contribute to the implementation of the social and economic policy of the Bulgarian Communist Party.

The National Assembly approved the state budget totaling 15,385,000,000 in revenue and 15,370,000,000 in expenditures, or a budget surplus of 15 million leva.

The budget revenue, most of which comes from the national economy, is related to the tasks included in the plan for the socioeconomic development of the country in 1981. Income from profits from domestic trade comes first (turnover tax). Such income is directly related to the production and marketing of consumer goods and payments for consumer services to the population.

The party and the government are dedicating great efforts to insure the ever-fuller satisfaction of the market with goods and to improve consumer services to the population. This has been reflected in the 1981 plan whose implementation will insure a fast increase in the production and the variety of goods and services. In the course of the implementation of the plan the economic producing and marketing organisations must engage in the continuing study of consumer demand and take fast measures for its satisfaction. The new approach to planning and the new economic mechanism create suitable conditions for this.

A considerable share of the budget income will come from the payments which economic organizations will make in connection with the regulation of general income. The amount of such payments has been normed and depends on the factual effectiveness achieved in the course of economic activities. The mechanism for the regulation of the general income combines the interests of the economic organizations and society. The results increase or, respectively, reduces the income not only of society but of the economic organizations. This is of particular importance to the economic organizations, for the size of the wage fund which is the resulting value is based on the factually earned income. In order to reach the income they need, the economic organizations must insure the comprehensive implementation of counterplans, paying particular attention to the economical and effective utilization of material and manpower resources.

The share of the revenue part of the budget contributed by the population is reduced. This is yet another confirmation of the nature of the socialist budget and a manifestation of the systematic policy of the party of lowering the taxes on the population's earned income.

Most of the budget expenditures are for financing the national economy and for sociocultural measures. These expenditures account for about 86 percent of the budget resources.

The party and the government pay particular attention to the solution of the housing problem. Every year the plan and the budget provide for the necessary material and financial resources for the implementation of the programs related to the solution of the housing problem. The 1981 budget will allocate 600 million leva for housing construction.

The 1981 budget calls for the spending of 1,285,000,000 leva on education. Expenditures for health care and for the expansion of the network of health institutions will total 887 million leva. The budget provides for 255 million leva for the further development of culture. The cost of pensions will total 1,815,000,000 leva and aid related to the birth rate alone will total 679 million leva.

The huge funds included in the 1981 budget for sociocultural measures call for increasing the social-economic effectiveness of the utilization of such funds through the use of an economic approach in the nonproduction sphere as well.

In the Eighth Five-Year Plan, a five-year plan of technical progress, the role of Bulgarian science will be enhanced considerably. The necessary funds have been allocated for scientific research and engineering-application activities in order to resolve the national comprehensive programs for scientific and technical progress.

The national economy financing will be based on the principles of the economic approach, the new economic mechanism and the ever-fuller and all-embracing application of cost effectiveness.

Today, following the adoption of the 1981 plan and budget, engineering plans and counterplans must be updated at all levels of management with a view to insuring

the maximum fulfillment and overfulfillment of planned assignments and planned financial resources.

The economic approach to the new economic mechanism creates conditions and possibilities for the economic organizations steadily to improve the organization and effectiveness of their economic and financial activities by improving the socialist organization of labor and insuring the economical and effective use of the three factors of the production process: labor tools, labor objects, and manpower. They will thus be able to acquire the necessary financial resources for their own financial base and for the state budget.

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## BULGARIA

### FINANCE MINISTER COMMENTS ON 1981 BUDGET

Sofia OTBOROVEN FRONT in Bulgarian 19 Dec 80 pp 1,3-4

(Article by Belcho Belchev, minister of finance: "Accelerated Pace and All-Round Upsurge")

(Text) The strategic party course of upgrading quality and effectiveness is the guiding principle in the elaboration of the draft 1981 state budget. It is directly based on the decisions of the Nation Party Conference, and the March 1979 and July and November 1980 BCP Central Committee plenums. The instructions issued by Comrade Todor Zhivkov and, particularly, his stipulations on the global trends of the country's development at the present stage of building developed socialist society are of exceptional importance.

In 1981 as well the state budget will retain its significance as the basic financial plan of the country. It will provide funds for the financing of sociocultural measures and for the country's administration. At the same time, the budget remains an instrument for a considerable redistribution of income among material production sectors. Most of the funds earned by some economic sectors are used to finance the reproduction process and provide investments in other sectors.

The 1981 state budget has all the characteristics of a socialist budget.

The characteristic feature of its revenue is that most of it will come from the profits of economic and other socialist organizations. Income from withholdings for social insurance and from other sources will be increased. Such revenues account for about 91 percent of the total budget revenue.

The biggest expenditures will be funds for sociocultural measures, totalling 5,312,000,000 leva. Such large amounts for public consumption funds is an expression of the party's policy of further satisfaction of sociocultural needs of the people. Considerable expenditures will be incurred to finance the development of the national economy as well.

#### Budget Revenue

The bulk of the state revenue will come from profit income.

In 1981 the economic organizations will pay to the budget 7,064,000,000 leva, of which 4,7142,000,000 leva will come from profits from the production and sale of

consumer goods earned as turnover tax, and 2,322,000,000 of normative payments for regulating the general income.

Payments from profits as turnover tax are a particularly important revenue source in terms of amount and nature. They are received on a rhythmical basis and account for close to 31 percent of budget revenues. That is why such payments are of exceptional importance in the operative execution of the budget. Their amount directly depends on the volume, quality and variety of consumer goods and consumer services.

The Bulgarian Communist Party and the government ascribe particular importance to and dedicate a great deal of concern for the ever fuller satisfaction of the market with goods and for improving consumer services to the population.

The plan for the socioeconomic development of the country provides the necessary conditions and prerequisites for expanding the production of such goods and services. We must also emphasize, however, that weaknesses still exist in insuring the availability of necessary commodity stocks. Some producing economic organizations do not fully meet their contractual obligations and either fail to supply or are slow in supplying the commercial organizations with the contracted goods in terms of quantity, quality and variety.

The elimination of these shortcomings exclusively depends on the producing and trading organizations. They must jointly study consumer demand with a view to insuring its complete satisfaction. This way the market will be supplied with commodities consistent with consumer demand and with the population's income. This consistency is of exceptional importance for the further strengthening of the leva and the normal development of one of the most important proportions in the socialist society: the ratio between commodities stocks and monetary income. That is why in 1981 we must seek additional possibilities for increasing the volume of output of goods and services. This will increase the income of the socialist society as well.

The second most important item in the state budget revenue, in terms of significance and amount, are the payments made for the purpose of regulating the general income. Such funds are paid to the budget in accordance with the principles governing the formation and distribution of the income of economic organizations.

In accordance with the requirements of the economic approach the normative payments create the opportunity for the even fuller application of the principle of combining the interests of individual collectives with those of society. As a result of regulating the general income through the normative payments to the budget a considerable percentage of the profit remains at the disposal of the economic organizations and is used to meet expanded reproduction requirements.

The amount of this share of the profits is determined by the effectiveness of economic activities. The more effective the activities are the greater becomes the possibility of the economic organizations to increase their income. Some of the improved results will benefit the entire society. Conversely, when the planned tasks are not fulfilled society suffers losses. However, lowered effectiveness also entails substantial penalties imposed on the economic organizations. Planned effectiveness can be achieved also by making available the necessary resources for the wage fund. That is precisely why the economical and effective utilization of material and manpower resources, the accelerated application of latest scientific and

technological achievements, the quality of output, the acceleration of its marketing and the faster paying for the goods as well as all other factors related to profitability increases are of tremendous importance in the development of the wage fund.

The 1981 income of the state social insurance system will total 2,992,000,000 leva. This amount will meet in full payments for pensions, aid, supplements for children, vacations, and so on.

The budget plan calls for an income of 1,350,000,000 leva from taxes, fees, and other payments by the population. This amount accounts for about 8 percent of the general income of the centralized monetary fund of the state. The share of the income contributed by the population is declining with every passing year. This is yet another proof of the preservation and assertion of the principles on which the socialist budget is formulated as well as an expression of the party's systematic policy of reducing population income taxes. It also characterizes the ever improving effectiveness of the national economy whose income can supply the bulk of the financial resources needed by the state for its comprehensive activities.

#### Expenditures

Most of the 1981 draft budget expenditures, or about 85.5 percent, will be for financing the national economy and for sociocultural measures. Such outlays characterize our socialist budget as the financial base for the implementation of the economic and sociocultural policy of the party and the state.

The funds allocated for the national economy will be used to finance capital investments and capital repairs, granting temporary financial aid to some economic organizations related to the purchasing of agricultural commodities and the production of low-profit or unprofitable goods, the development of the communal economy of settlements, and other activities. In 1981 the state will appropriate the large sum of 400,000,000 leva to provide additional incentive for agricultural production. The new purchase prices create conditions for developing highly profitable crop growing and animal husbandry.

The application of the economic approach to the management of economic organizations is directly related to the fuller utilization of the cost-effectiveness system. The economic organizations carry out their activities and finance all their expanded reproduction out of their own funds or with bank loans. They develop their own financial base for expanded reproduction essentially from the share of profits remaining at their disposal, amortization withholdings for restoration and capital repairs, assets from the cash funds, and some other sources.

If the economic organizations are unable to earn an adequate income as a result of set prices which are below planned production expenditures, in the case of marketed goods based on state planned assignments, temporary financial assistance will be provided by the state budget. Such aid will be based on norms established in advance regulating bonuses or price markups. This method for granting bonuses or price markups is consistent with the requirements of cost-effectiveness. Furthermore, the bonuses will be temporary and their amount will be reviewed annually with a view to their reduction. This will mean that economic coercion will be used for the sake of reducing production outlays.

The decisions of the Eleventh Congress of the Bulgarian Communist Party and the basic directions issued at the March 1977 BCP Central Committee plenum on the further development and improvement of the territorial and settlement structure created conditions for the accelerated solution of the housing problem. In order to implement these decisions, corresponding programs were elaborated in the Seventh Five-Year Plan. They have been carried out successfully and every year dozens of thousands of families are acquiring new housing. In order to accelerate the solution of this problem, in the Eighth Five-Year Plan as well a program was formulated and approved for comprehensive housing construction.

In accordance with the tasks and objectives of the program, the budget fund appropriated for housing construction for 1981 will be 140,000,000 leva higher than in 1980. These funds, together with the funds of the economic organizations and the citizens and the loans which will be granted by the State Savings Bank will total 992,000,000 leva and will provide the necessary financial resources for housing construction as stipulated in the plan for the socioeconomic development of the country in 1981. Particular attention should be paid to shortening the time of the investment cycle and the fast completion of the housing program.

The budget also provides the necessary funds for financing capital investments for the further expansion of the material base of education, health care, culture, urbanization, and others, which will upgrade the standard of population services and meet its cultural requirements.

Capital investments in material production are directed mainly to the improvement and modernization of installed capital assets. The financing of capital investments will be based on the requirements of the economic approach and the principle of total self-financing.

In the course of making investments in material production, the main attention must be focused on concentrating forces and means on the timely completion of the projects, reaching planned capacity within the stipulated time, and reducing the volume of unfinished construction.

The Bulgarian National Bank will assume bigger tasks and play a greater role in connection with upgrading the effectiveness of capital investments. With the help of its specific economic means it will exert its influence on the economic organizations for the implementation of this particularly important task.

Some capital investments in the material sphere, which are of particular importance in the further development of the national economy, such as the production of energy, geological surveys, metallurgy, machine building, the republic's road network and others will be financed from centralized state funds.

The social consumption funds are of exceptional importance in the development of the socialist working person and upgrading his education and skill, strengthening his health, and enhancing his culture. Their steady development and the enhancement of their social effectiveness are major prerequisites for reaching higher social labor productivity.

A total of 12,846,000,000 leva will be spent for public education. These funds are consistent with the tasks of the national program for the implementation of the

theses formulated by Comrade Todor Zhivkov on the development of education in the Bulgarian People's Republic. The budget allocates 260,000,000 leva for pre-school education and training in order to insure the necessary educational and material and technical conditions for children entering the first grade at the age of six. The highest share of the funds for education will go to the various types of unified secondary polytechnical schools. Together with the planned funds for inter-school centers for production training, hostels, boarding schools, institutions for extracurricular work, and others, a total of 501,000,000 leva will be spent on the unified secondary polytechnical schools. A total of 190,900,000 leva will be spent on higher and semi-higher educational institutions, while 1,978,000,000 leva will go to vocational schools, including secondary medical schools and art schools.

The basic principles of socialist health care and free, accessible and highly skilled services to the population are expressed through the amount of 886,500,000 leva stipulated in the draft budget for 1981 for the financing of health care. Most of the funds totalling 495,000,000 leva, will be used for hospital maintenance. These funds will insure improvements in the supplying of hospitals with medicines, thus insuring the faster and more effective treatment of the patients. The sum of 91,000,000 leva will be spent on polyclinics, including rural health services and sectors. The health workers must upgrade the effectiveness of general and specific preventive medicine. They must strive to reduce working time losses caused by disability in order to improve the manpower balance. This could be helped by the good organization of recreation and resort treatment of working people and the extensive development of physical culture, sports, and tourism on which 64,000,000 leva will be spent.

Larger funds will be spent on outpatient clinics, preventive medicine, children's nurseries and other health institutions. The considerable funds allocated by the budget for the development of health care call for the adoption of new and additional measures to improve returns on such expenditures. The problem can no longer be reduced to raising the satisfaction of requirements to the necessary and the desired social level but also to upgrading the vital forces of society. Improvements in such activities are of a strongly emphasized socioeconomic nature and are of decisive importance in the matter of rapidly raising social labor productivity.

Expenditures for the financing of culture, excluding activities operating on a cost-effectiveness basis, will total 255,000,000 leva. These funds will be used to meet expenditures for the further development of the work of the creative intelligentsia, the development of the arts, cultural-educational institutions, museums, libraries and reading rooms as well as the holding of planned domestic and international cultural events related to the 1,300th anniversary of the founding of the Bulgarian state.

The role assigned to Bulgarian science in the Eighth Five-Year Plan, a five-year plan of scientific and technical progress, is exceptionally important and responsible. In the next five-year plan scientific and technical progress must insure the accelerated and effective application of the latest scientific achievements, upgrade the technical standard of our output and production quality, increase the competitiveness of our goods on international markets and match the achievements of the most advanced countries in the respective areas. These tasks predetermine the size of planned expenditures from the budget and from other sources used for the

financing of scientific research and engineering-application work. The 1981 budget allocations for such purposes will total 127,000,000 leva while the overall volume of expenditures will reach 556,000,000 leva. The considerable share of non-budget sources for the financing of scientific research and engineering-application activities is based on the application of the new economic mechanism in this area as well. We have reasons to believe that with the help of such substantial funds the scientific workers will make a contribution to the intellectualisation of labor, upgrading production effectiveness and increasing the national income.

We are familiar with the concerned attitude shown by the Bulgarian Communist Party and the socialist state for children, the aged, the temporarily or permanently incapacitated. The measures implemented in recent years in this respect for the implementation of the December 1972 program have led our country to one of the highest positions in the world. The huge funds annually allocated from the state budget for social insurance are a real manifestation of this fact. The 1981 funds to be spent for such purposes will total 2,739,000,000 leva or 92 percent of the overall amount of expenditures for sociocultural measures. The bulk of these funds, 1,815,000,000 leva, will go to various pensions. Pensions expenditures are increasing not only under the influence of the demographic factor and the fact that generations born immediately after World War I are reaching retirement age, but the lasting trend of increasing the size of the average pension.

Expenditures for various types of aid have been kept at the exceptionally high level they reached in 1980. Supplements for children alone will total 670,000,000 leva. The necessary funds have been planned for the payment of a variety of compensations related to short term insurance of workers and employees in accordance with the labor code.

In 1981 262,000,000 leva will be spent for the administration of the state, the courts, and the prosecutor's office. These expenditures are consistent with the measures taken by the government for reducing administrative costs and restricting increases in the size of the administrative personnel.

The funds required for the country's defense and security have been insured.

The overall volume of state budget revenues and expenditures includes the budgets of okrugs and obshchina people's councils and the budgets of the municipalities. In the draft law they are broken down by okrug and total 2,944,000,000 leva.

Most of the expenditures--1,728,000,000 leva--will be spent for the financing of sociocultural measures. A considerable share of the budget's outlays and expenditures for capital investments will be used by the people's councils. The budgets of the people's councils stipulate the necessary funds for the development of the communal economy and for urbanization.

The stipulation that national economic funds must be used effectively must be applied also in the distribution of the funds allocated to the people's councils. They must be concentrated on measures yielding the highest economic or socioeconomic results. Particular attention must be paid to the fuller satisfaction of the needs of the population for consumer services. This is a particularly important problem whose solution depends mainly on the efforts and persistence of the respective people's councils. The solution of this problem must be consistent with local

conditions and population needs for consumer services. In this work we must involve young people as well as properly qualified pensioners--craftsmen and workers.

The system used in acquiring funds for the budgets of the people's councils creates conditions which increase their interest in the effective development of the economy and which enhance their financial autonomy. Most of the revenue in the budgets of the people's councils comes from economic organizations operating on their territory. In addition to local taxes and fees the people's councils earn income from payments made by their own enterprises and from withholdings from the general income of economic organizations and branches for the development of territorial units. The great importance which the income from economic organizations acquires in terms of the budgets of the settlement systems calls for changing the approach of the local authorities to their problem. Greater concern must be shown for the fulfillment and overfulfillment of the plans of economic organizations.

According to the law on the forming and execution of the state budget, the National Assembly must approve its 1979 execution. In this connection the draft bill which was submitted to you indicates the funds of the 1979 budget exercise. As was the case with the national economy, the overall revenue totalled 11,171,900,000 leva while expenditures totalled 11,075,700,000 leva or a budget surplus of 96,200,000 leva. These results were achieved thanks to the measures taken by the party and the government to limit some expenditures and the efforts made by the labor collectives to upgrade social labor productivity.

The execution of the 1980 state budget is taking place within the framework of the amounts of revenue and expenditures approved by the National Assembly.

Comrade People's Representatives:

The formulation of the draft 1981 state budget makes use of existing reserves as well as reserves which may be found in the individual economic organizations.

On behalf of the government I ask the respected comrade people's representatives to adopt the submitted draft state budget of the Bulgarian People's Republic for 1981 and the report on the execution of the 1979 state budget. (BTA)

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CSO: 2200

BULGARIA

STATE PLANNING COMMITTEE CHIEF COMMENTS ON 1981/2 PLAN

Sofia OTEKHISTVEN FRONT in Bulgarian 19 Dec 80 pp 1-3

(Article by Kiril Zarev, deputy chairman of the Council of Ministers and chairman of the State Committee for Planning: "Stable and Dynamic Development")

*Text* The decisions of the Eleventh Party Congress and the National Party Conference and of subsequent plenums held on the development of strategic problems of the country's progress in the stage of building a mature socialist society were the guiding principles in the formulation of the draft plan for the socioeconomic development of the Bulgarian People's Republic in 1981 and 1982, the first two years of the Eighth Five-Year Plan. The BCP Central Committee discussed and approved at its latest plenum the basic indicators, rates and proportions of the draft plan for the socioeconomic development of the country in 1981 and 1982. With his typical depth and scope, addressing the plenum, Comrade Todor Zhivkov outlined the new features in the approach to the successful implementation of the party's main strategic tasks: concern for the people throughout the next two years and the entire Eighth Five-Year Plan.

In the course of its elaboration, the draft plan was extensively discussed by ministries, departments, okrug people's councils, and economic organizations and their branches.

Following is an outline of the implementation of the 1980 plan which was taken into consideration in drafting the plan for the first two years of the Eighth Five-Year Plan.

More important results of the implementation of the 1980 Plan.

The development of the national economy in 1980--the final year of the Seventh Five-Year Plan--was characterized, above all, by the efforts made and the results achieved by the labor collectives in the course of the mass socialist competition in honor of the Twelfth Party Congress and the 1,300th anniversary of the Bulgarian State and the 25th anniversary of the historical April Plenum. The implementation of the strategic tasks set by the party of upgrading effectiveness and quality and, on this basis, achieving a stable and dynamic development of the economy and insuring the ever fuller and more comprehensive satisfaction of the growing material and spiritual needs of the people continued.

The stable development of the national economy was insured on the basis of the economic approach and the systematic application of the new economic mechanism. Compared with 1979 the increase of the 1980 national income is expected to be 5.7 percent higher, thus meeting the pace stipulated in the law on the unified plan.

Social labor productivity rose 5.5 percent as a result of the application of scientific and technical achievements, improvements in the socialist organization of labor, and the improved utilization of the three elements of the production process. This accounts for the virtually entire increase of the national income.

The 1980 achievements and results of the national economy could have been greater had violations not been committed in the areas of planning, contractual, production and technological discipline. The production of some basic consumer goods was insufficient and unorthodox. The fast utilization of scientific and technical achievements and of leading experience was not insured in corresponding production facilities and activities. The modernization and reconstruction of some existing facilities was not accomplished on a high technical level. The prompt utilization of capital investments, the commissioning of productive capital, and the utilization of operating production facilities at full capacity were not insured.

#### Basic Indicators of the Country's Development in 1981 and 1982

The stipulated measures for resolving problems related to the ever fuller and comprehensive satisfaction of the material and spiritual needs of the people, for outstripping the growth of commodity stocks compared with the available monetary income of the working people, the considerable increase in the volume of services, and the strengthening of the role of the system for the self-satisfaction of the population of settlement systems for basic agricultural commodities are a major characteristic of the plan.

In accordance with the party's decisions, the draft plan is focused on a faster increase of effectiveness and quality by means of:

Accelerated application of the achievements of the contemporary scientific and technical revolution and of leading experience, both domestic and foreign; expansion of the process of labor intellectualization aimed at upgrading public labor productivity and insuring stable rates of economic growth;

Concentration of capital investments and reducing the amount of construction; decisively improving the technical standard of modernization and reconstruction of operating capacities;

Insuring the most efficient utilization of labor, raw material-energy and other material resources in the country and of production capacities for upgrading production profitability;

Improving the material and technical base and structure of the production process through its proper disposition in order to achieve maximum multiplication results;

Development of foreign economic relations and expanding and intensifying integration with the other socialist countries, and improving the structure and upgrading the effectiveness of exports;

Improving territorial production concentration and specialization and insuring the comprehensive and harmonious development of territorial units.

The plan insures the further ascending development of the country and a stable pace. The national income--the most synthesized indicator of economic development--will be 5.1 percent higher in 1981 and 5 percent in 1982.

In the next two years the accumulation norm will remain stable with about 25.5 percent. Its structure will be improved. This will insure a considerable increase in the commissioning of productive capital.

Social labor productivity, which is a decisive factor in achieving higher end results of economic activities, will rise 4.8 percent in 1981 and 4.9 percent in 1982.

The overall income and profit of economic organizations will be increased. The other end results of their activities will be improved. Profits will rise by 14 percent in 1981 and 12 percent in 1982.

The use of productive capital will be increased by increasing the shift coefficient of the sectors operating on the basis of a continuing production process, reduction of full-day and intra-shift working time losses, improving the circulation of working capital, and others.

#### Social Development And Upgrading The People's Living Standard

The plan for the first two years of the Eighth Five-Year Plan insures the further implementation of the December party program for upgrading the living standard of the people. Conditions and prerequisites are created for the continuing and ever more comprehensive satisfaction of the material, spiritual and social needs of the people.

Real per capita income will rise 3.1 percent in 1981 and 2.9 percent in 1982. The growth of wages, and the basic source for the growth of real per capita income, will be most closely related to the requirements of the new economic mechanism.

Per capita social construction funds will rise 3.4 percent in 1981 and 3.1 percent in 1982. The growth of social construction funds is consistent with the requirement to upgrade the social effectiveness of their utilization.

Retail trade will rise 4.8 percent in 1981 and 4.3 percent in 1982. The planned retail trade will be backed by corresponding commodity stocks whose structure and variety will be consistent with increased population requirements and monetary income.

Consequently, the consumption of basic food products, noncomestible goods and durable goods will increase considerably. Its structure will be improved. Per capita demand for meat and meat products will reach 69 kilograms in 1981 and 65 kilograms in 1982; for milk and dairy products, 202 liters and 207 liters respectively; for fruits, 126 kilograms and 131 kilograms respectively; for vegetables, 116 kilograms and 121 kilograms respectively. The number of television sets per 100 families will reach 79 in 1981 and 80 in 1982. The number of refrigerators will reach respectively 79.5 and 80.5.

Particular attention has been paid to the development of industrial population services which will be increased by 13.2 percent in 1981 and 16.5 percent in 1982. Services related to easing household work, such as dry cleaning, repair and maintenance of household equipment, automobile services, repairs of radio and television equipment, and others, will be developed at a higher pace.

Conditions will be created for the further expansion of housing construction with a view to insuring the fuller satisfaction of population needs. A total of 160,000 new housing units will be built in 1981 and 1982 mainly in the capital and the big industrial centers and conurbation systems taking the already available housing facilities into consideration.

Prerequisites will be provided for the more efficient development of the communal economy. Considerable funds will be appropriated for population water supplies. In 1981 and 1982 over 100 settlements will be supplied with running water. Compared with 1980, more funds will be appropriated for central heating and sewer facilities and for the urbanization of settlements.

In accordance with the decision of the July 1979 BGP Central Committee Plenum on the reorganisation of the educational system and for achieving the comprehensive and effective development of the young generation and meeting the requirements of the national economy for specialists, the plan provides conditions for the further development of cadre education and training. Material facilities in education will be expanded and improved. In 1981 and 1982 schools containing about 1,800 classrooms will be built. In accordance with the long term needs of the national economy for highly skilled specialists, a total of some 30,000 young specialists will complete their higher education in 1981 and 1982. Also, in the first two years of the new five-year plan about 13,000 specialists with semi-higher and 50,000 specialists with secondary-specialized education will be trained.

Children's institutions will be developed in order to insure the further active involvement of women in public production and to improve conditions for the raising and education of children. The share of children attending kindergartens will be raised from 77.2 percent in 1980 to 84.0 percent in 1982; the share of children attending daytime nurseries will be increased from 4.5 percent to 61.2 percent. The share of children under the age of three who attend permanent nurseries and Mother and Child homes will be increased from 19.7 percent in 1980 to 20.3 percent in 1982.

The plan provides favorable prerequisites for the involvement of socialist culture and for the ever fuller satisfaction of the spiritual needs and the all-round aesthetic education of the people. More comprehensive conditions are established for the growing development of the mass information media, the arts and other cultural activities. Theaters and opera houses will be expanded and circulation of newspapers and books will be increased. Qualitative changes will be accomplished in the structure of television programs. Color television programs will reach 82 percent of the total.

In the first two years of the Eighth Five-Year Plan we shall continue the application of the comprehensive socioeconomic, medical, physical culture and tourist measures aimed at preserving the health of the people and strengthening the work capability of the working people. Particular attention will be paid to the

development of preventive work. The share of outpatient treatment of the population will rise from 32 percent in 1980 to 42 percent in 1982. In order to insure the better satisfaction of the population's requirements for medical aid, material health care facilities will be broadened. A total of another 1,400 hospital beds will be made available in 1981 and 1982.

Conditions will be created for insuring the further improvement of traffic safety. Considerable funds will be assigned for the modernization, reconstruction, building and maintenance of the road-communication network.

Larger funds will be spent on the preservation and restoration of the natural environment. A total of 500 million leva will be allocated in 1981 and 1982 for the development of wasteless technological systems, recirculation and purification of water, and protection of the air and the soil. Work on the recultivation and forestation of disturbed areas will be continued.

The necessary prerequisites will be provided for the further social development of labor collectives. The reduction of manual, physical, heavy and unattractive work will be continued. Labor conditions, safety, and hygiene will be improved. The share of working people working under conditions consistent with the norms of hygiene will be increased by 2 percent.

For the first time the plans will include indicators on the development of youth activities with a view to the creation of the necessary conditions for the implementation of the assignments listed in the letter which Comrade Todor Zhivkov addressed to the Komsomol Central Committee and the National Youth Conference. In the next two years a total of 168,000 jobs will be provided for young graduating specialists and skilled workers. Some 53,000 young people will continue their education on the job. Funds will be allocated for the development of material facilities for youth activities.

#### Scientific and Technical Progress

The stipulation formulated by Comrade Todor Zhivkov of making the Eighth Five-Year Plan a five-year plan of scientific and technical progress has been the subject of particular attention. The plans reflect the tasks based on the elaborated national comprehensive program for the application of scientific and technical achievements. We have taken into the consideration the leading experience achieved domestically and in countries advanced in the corresponding areas.

Priority will be given to the application of the achievements of scientific and technical progress in the strategic directions: development of electronics, robotics, chemistry, and biology in the national economy, as well as in production facilities and activities in which our country has reached the level of international specialization. In the next two years about 300 tasks will be implemented on the national level, 123 of which will be new technologies, 113 new models of goods and so on. Furthermore, the draft plans of ministries, departments and economic organizations call for the implementation of another 8,000 tasks in the next two years. The implementation of all these tasks will account for most of the increased profits of economic organizations.

New and improved electronic and electronic-equipped machines and equipment will be developed and applied. We shall gradually convert from the production and use of individual technical facilities to specialized complete installations and systems, peripheral systems, terminals, remote control systems, new and improved external memory systems and others. Priority will be given to mastering the production of specific materials from local raw materials and to improving the elements used on the basis of the International Standardization Organization and of bipolar technologies and the production of specialized technological equipment for the electronic industry.

We shall master on an accelerated basis the production of wide range of new and improved systems, robots and manipulators with a view to creation of prerequisites for the dynamic developments of robotics in the national economy.

We shall master and apply effective catalytic agents for the production of nitrogen fertilizers and styrene, and the extensive use of new catalytic agents for the removal of sulphur from natural gas, for high temperature conversion of carbon monoxide and others.

Scientific and technical measures will be applied to insure the fuller utilisation of local energy and raw material resources, improve the level of utilization of fuels and energy, perfect heat and electric power systems, and optimise the energy balance of big industrial enterprises.

Prerequisites will be created for the processing of converter steel and electric steel with argon, expanding the production of carbon and alloyed instrument and structural highly anticorrosive steels and hot rolled metals, and the development and utilisation of new materials and goods based on powder metallurgy and metal ceramics. New technologies and technological processes will be used to upgrade the physical and chemical qualities of castings, the production of highly productive and highly durable instruments made of hard alloys and super hard and metal-ceramic materials, and the surface heat processing of metals.

In agriculture new systems will be developed and applied for the cultivation of the soil on the basis of highly productive equipment, for increasing the results of fodder treatment and the development and utilization of new high yielding crop strains and livestock breeds, and hybrids.

Conditions will be created for the accelerated application of scientific and technical progress in transportation through the further automation of transport activities control, improvements in the structure of transport facilities, the expansion and improvement of the road network, the application of new technologies and systems in loading and unloading operations, and so on.

The plans call for the expansion of comprehensive mechanization and automation of production and management, mainly of technological processes, thus reducing the share of manual, unattractive and hard physical labor. Conditions will be created for upgrading the intellectualization of labor in the national economy.

In the material production area most of the investments will be in the timely completion of projects under construction, the modernization and reconstruction of existing facilities on a high technical level, and upgrading labor effectiveness and social labor productivity.

In the non-production area investments will be directed into the ever fuller satisfaction of the material and spiritual requirements of the people and, above all, housing construction, water supplies, the development of the material facilities for the communal economy, health care, culture, education and others.

The size of construction will be reduced and the timely completion of productive capital will be insured. In this connection, the number of projects under construction (excluding housing) will be reduced by about 400 in 1981 and some additional 300 in 1982. The share of carryover construction in terms of the volume of capital investments will be reduced by 10 percent over the two years.

#### Improving the Production Structure

The further improvement of the structure of the production process in depth and by sector will be based on the extensive application of scientific and technical achievements with a view to achieving a multiplication effect in the national economy. Particular attention has been paid to insuring the proportionality between the first and last stages between the vertical and horizontal production specialization and concentration.

Industrial output will rise 5.6 percent in 1981 and 6.0 percent in 1982. Efforts have been made to bring closer to each other the growth rates of industrial output of group "A" and group "B".

Priority will be given to the development of industrial sectors providing basic raw materials, materials and energy resources and new highly productive equipment for the development of the national economy. The share of the power, metallurgical, machine building and chemical industries of the total industrial output will rise from 53.2 percent in 1980 to 55.2 percent in 1982.

The production of electric and thermal power will rise 7.2 percent in 1981 and 7.4 percent in 1982 through the development of the nuclear power industry and the thermolectric power plants using local coal. Coal extraction will be developed at a faster pace.

The volume of output of ferrous metallurgy will be raised by 10.1 percent in 1981 and by yet another 5.2 percent in 1982. The production and variety of high grade rolled metals, pipes, and goods made of high quality steels will be increased. The availability of varieties of local rolled ferrous metals will rise from 66.2 percent in 1980 to 69.3 percent in 1982.

The plan calls for the further development of machine building. The volume of the machine building output will increase 8.1 percent in 1981 and 8.4 percent in 1982. The production of heavy investment equipment, electronic computers and office equipment, instrument manufacturing, automation facilities, metal cutting machines and instruments, communications equipment, and ships will be increased at a faster pace. The base of the elements used will be developed faster than average through the priority increase in the production of electronic elements, metal-ceramic products, and others. Particular attention will be paid to developing the extensive production of machine systems, technological lines and other highly finished goods.

Compared with the preceding year the output of the chemical and rubber industry will increase 11.0 percent in 1981 and 9.5 percent in 1982. Improvements in the intra-sectorial structure will be focused on the faster development of highly effective and promising chemicals. We will insure the fast increase in the production of synthetic rubber, plastics, catalytic agents, chemically pure substances, microbial means, ammonia, nitrogen fertilizers, caprolactam, and others. The production of low-volume chemicals and of the chemical-pharmaceutical and cosmetic industries will be increased at a high pace.

Further developments in the production and improvement of the structure of output are planned for industrial sectors producing consumer goods.

Light industry output will increase by 2.4 percent in 1981 and 3.0 percent in 1982. This will insure the fuller satisfaction of population needs. The production of high quality goods will be increased and the technical standards and designs of clothing will be perfected; the production of shoes made of new and improved materials will be expanded, in accordance with consumer demand and world fashion.

The food industry will be developed further. In the next two years its output will average an annual increase of about 3.5 percent. The structure of the output will be improved by increasing the extent of processing of raw materials and materials and improving the variety and quality of the goods. In the next two years agricultural production will rise, respectively, 4.7 percent and 2.7 percent. Further improvements in the structure of agricultural production will be made. Grain production will be the decisive trend in crop growing. In animal husbandry priority will be given to the production of meat and, simultaneously, increasing the production of milk, eggs, and wool. The new purchase prices of agricultural commodities create the possibility for profitable farming and for the systematic application of the new economic mechanism.

The transportation system will be developed in accordance with the planned growth of output in the other economic sectors and the higher demands for population services. The volume of freight hauled will be increased by 3.6 percent in 1981 and 3.7 percent in 1982, while the number of passengers transported will be increased, respectively, 1.7 percent and 1.6 percent. The share of electrified and twin railroad tracks, the modernization of rolling rail stock, the improvement of the quality characteristics of the merchant fleet and of working conditions in civil aviation will be raised.

#### Improving Foreign Economic Relations

The process of broadening and intensifying foreign economic relations and of the participation of the country in socialist economic integration is a major factor in improving the structure of output and the further effective and intensive development of the economy.

With a view to the implementation of these tasks, the volume of trade will increase 8.3 percent in 1981 and 8 percent in 1982.

The intensification of integration relations and the broadening of foreign economic relations with the socialist countries are the main factors for increasing the volume in 1981 and 1982. Our country will increase its participation in the

existing and the application of new and effective forms of integration and cooperation on a multilateral and bilateral basis with CEMA-member countries, with the Soviet Union above all, in accordance with the general plan for specialisation and cooperation in material production.

Our foreign economic relations with the non-socialist countries will be developed further in accordance with agreements signed with the individual countries. We shall develop our economic cooperation on a mutually profitable basis with the developing countries by supplying them with machines and equipment, building complete projects, providing scientific and technical aid and other suitable forms of cooperation. Conditions have been created for increasing trade and industrial co-operation and scientific and technical and trade cooperation with the developed capitalist countries. In accordance with the requirements of the systematic application of the new economic approach in foreign trade, the draft plan calls for improving the structure and upgrading the effectiveness of trade. Priority will be given to exports of computers and other electronic items, machine systems, technological lines, complete projects, and chemicals and pharmaceuticals. This will increase the share of machine building, electronics, and chemistry in our overall exports.

In the forthcoming years international tourism and other foreign activities will be developed further.

#### Improving the Territorial Location of Production Forces

Production effectiveness will be insured and so will the fuller utilization of multiple-purpose resources in the individual parts of the country by raising the level of territorial concentration and specialization of output, the rationalisation of production relations, and the development of conurbation systems on the basis of the multiplication approach.

With a view to the fuller and more effective utilization of resources and the creation of conditions for equalizing the socioeconomic level of territorial units we shall continue the accelerated development of production capacities in Blagoevgrad, Smolyan, Kurishali, Turgovishte, Razgrad, Siliстра, and other okrugs.

Particular attention is paid to insuring the unity between sectorial and territorial concentration and to specializing public production through the further development of systems of interrelated enterprises with a view to the more rational development and utilization of the production, technical and social infrastructure of the individual okrugs and conurbation systems. Prerequisites are being created for the improvement of territorial-sectorial formations.

The process of moving activities and production facilities from industrially developed cities such as Sofia, Varna, Ruse, Pleven, Shumen, Gabrovo, Stara Zagora, Sliven and others to border and other lesser developed parts of the country on the basis of the intensification of sectorial and territorial production specialization and concentration and with a view to the fuller utilization of the economic potential of the individual areas and the more effective preservation and restoration of the environment will be continued.

Particular attention will be paid to the development of small and medium enterprises on a high technical level with a view to reducing the excessive concentration of some production facilities and creating conditions for the fuller utilization of available manpower and material resources in the individual territorial units.

Prerequisites are created for greater stability in the balance of manpower resources on the territorial level, as a result of which the inexpedient inter-okrug migration will be reduced.

Important measures will be implemented to insure the harmonious development of the private farms. We shall continue to improve the structure of the economy by insuring the fastest development of machine building. Some enterprises and activities unrelated to Sofia's specialization will be moved to other parts of the country where industry is less developed. Considerable funds will be allocated for the development of the social infrastructure of the capital. Special programs have been elaborated for the accelerated building of housing, the thermofication of the city, and so on. The building of the people's palace of culture will contribute to the fuller satisfaction of the spiritual needs of the population. The establishment of a unified material base for Sofia construction organizations is planned as a base for growing construction activities.

The implementation of the stipulations in the draft plan of the socioeconomic development of the country in the next two years draws the attention of ministries and other departments and of the Sofia and the okrug people's councils and economic organizations and their branches to the exceptionally responsible assignments of intensifying the all-round production intensification based on the utilization of the latest achievements of scientific and technical progress and leading experience.

I request the discussion and adoption of the Law On The Unified Plan For The Socio-economic Development Of The Bulgarian People's Republic in 1981 and 1982 submitted by the Council of Ministers. (BTA)

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## BULGARIA

### BULGARIAN 1981 PLAN, STATE BUDGET HIGHLIGHTS

Sofia OTKRESTVEN FRONT in Bulgarian 19 Dec 80 p 1 (special supplement)

#### Text 7 The Plan

The national income--the most synthetic indicator of the development of the economy--will be 5.1 percent in 1981 and 5 percent in 1982.

Social labor productivity, the decisive factor in achieving higher end results of economic activities, will rise 4.8 percent in 1981 and 4.9 percent in 1982.

Priority will be given to the development of industrial sectors producing basic raw materials, material and energy resources and new highly productive equipment. Compared with the overall volume of industrial output the share of the power, metallurgical, machine building, and chemical industries will rise from 53.2 percent in 1980 to 55.2 percent in 1982.

Real per capita income will rise 3.1 percent in 1981 and 2.9 percent in 1982. Public consumption funds will rise on a per capita basis 3.4 percent in 1981 and 3.1 percent in 1982.

#### The Budget

The 1981 state budget approved by the National Assembly, shall consist of a revenue totalling 15,385,000,000 leva; expenditures will total 15,370,000,000 leva.

The characteristic feature of the income is that most of it will come from the profits of economic and other socialist organizations.

The biggest expenditures will be for socio-cultural measures, totalling 5,312,000,000 leva.

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EDITORIAL DWELLS ON FUTURE ECONOMIC, SOCIAL TARGETS

Sofia RABOTNICHESKO DELO in Bulgarian 20 Dec 80 pp 1-2

[Editorial: "In the Interest of the People and for the Good of Man!"]

[Text] Our people are on the threshold of 1981 and the beginning of the Eighth Five-Year Plan which will represent a new peak of social progress for the homeland. The historical accomplishments in the course of the fruitful seven preceding five-year plans and of the remarkable April party strategy are the foundations for the new and even higher objectives. Today the thoughts and constructive energy of every working person are focused on the development of the country and the stipulations of the plan for the socioeconomic development of the country in 1981 and 1982, adopted by the National Assembly.

The plan is distinguished by its realistic approach to the most essential problems of society and the most effective utilization of the resources and possibilities of the national economy, science, technology and socialist economic integration. Industrial production will be increased 5.6 percent in the first year of the five-year plan and 6 percent in the second. The output of the machine-building, metallurgical, chemical and power industries, which are of decisive importance in terms of scientific and technical progress in all sectors, the creation of a greater volume of material goods and the enhancement of the living standard of the entire population will be increased considerably.

The plan, the party's policy and the profound essence of socialist social development are based on the vital problems of the working person, the citizen, the entire people. As Comrade Todor Zhivkov emphasized at his meeting with representatives of the Bulgarian trade unions who submitted their report to the BCP Central Committee, "...in our country production is not self-seeking. It is the basis for the ever better solution of social problems and the ever fuller satisfaction of the growing material and cultural needs of the people."

This lofty objective is factually backed by the ratios and indicators of the plan, the powerful material and technical base, the material and labor resources of the country and the intensifying cooperation with the Soviet Union and the fraternal socialist countries.

The growth of the national income by 5.1 percent in the first year and 5 percent in the second provides real guarantees for increased consumption by the people,

growth of real income and enhancement of the material and cultural standard of the people. Next year alone over one-third of the state budget--5.3 billion leva--will be invested in the social and cultural areas, the expansion and improvement of the health network, social insurance, culture and education. The implementation of such important social programs exclusively depends on the economic results of the production process, its effectiveness and quality, model organization and discipline and reduction of expenditures in the nonproduction sphere as well.

The trend of bringing closer to each other the development pace of the two basic groups of sectors in industry is a distinguishing feature of the plan. Production of consumer goods and services will be increased rapidly. The agricultural and food industry production programs will be broadened. The additional production of consumer goods in the other industrial sectors will be of great importance as well. The self-satisfaction of conurbation systems with basic food products will be organized on a far broader scale.

The scale of housing and communal construction will have a great impact in the social area. In the first two years 160,000 new housing units, a number of kindergartens, schools and health institutions will be built.

What is the direction in which the efforts of all labor collectives are now focusing and what are the basic points of each planned task.

The strategic tasks substantiated by Comrade Todor Zhivkov in his reports to the July and November BCP Central Committee plenums and the national conference of the party, state, economic and social aktivs, held two days ago, are the starting point of the activities of the party and of society. He outlined the principles of the integral new work approach and style and the clear and active stand on which the further development of the country will be based.

The Eighth Five-Year Plan will be a period of extensive utilization of the best possible achievements of world economics, science and technology. This process will be expressed in the overall rationalization of the production process, extensive reconstruction and modernization on a broad basis and without any interruption of the production process, the application of essentially new technologies and the gradual intellectualization of labor. These factors guarantee the implementation of the major objectives of economic and spiritual development.

Scientific and technical progress is of vital importance for economic progress, the solution of ripe social problems and for our effective participation in the international division of labor. The need for the much faster reduction and elimination of manual labor, for comprehensive mechanization and for the preparation of conditions for the automation of production processes is obvious.

Today problems of scientific and technical progress must assume a leading position in the counterplans of labor collectives and activities of combines, agro-industrial complexes, scientific-production trusts and economic organizations and ministries. The collective thinking of workers, specialists and production organizers will open far greater opportunities for the fastest and most effective utilization of achievements in world science and technology.

The study and mass application of leading experience and of the achievements of enterprises, scientific institutes, brigades and initiators of new ways and means of work is of particular importance. Leading experience is a tremendous resource and a practically tested basic factor for fruitful work. Its study and dissemination, however, have not as yet reached the scale it must assume in our economy. It is clear that a counterplan which does not synthesize the production experience of the sector or of the best enterprises and brigades cannot be considered fully adequate or a focal point of real production reserves. The obligation to study practical experience and its application in production greatly depends on the managements of economic units and the specialists and technologists in the public organizations. They have been called upon and can provide all the necessary conditions for the mass application of practical experience and of rational work and organization methods.

The new approach to the conservation of energy, fuels, and raw and other materials and means is a matter of exceptional importance for the fulfillment of the plan. It is a question of abandoning general appeals for conservation and of assuming a new position in the utilization of material and manpower resources and a more advanced organization of the entire reproduction process. Rational expenditure norms in output are, above all, a measurement of its standard, effectiveness, quality and organization. Practical experience categorically proves the existence of great opportunities for the thrifty utilization of energy, petroleum, metals, cellulose and other basic raw and other materials. The overall savings in production and consumption are estimated in terms of millions and even billions of leva per year. These are entirely realistic amounts which could be achieved with the help of new means and systems for the utilization of fuels and energy and, particularly, through the use of wasteless technological systems.

The initiative of the Kapitan Dyado Nikola Plant in Gabrovo offers a clear example of the comprehensive utilization of raw materials and energy. The example was followed by all the large chemical industry combines. Opportunities for work on the basis of such a technology exist not only within a single sector but throughout the entire national economy.

The new plan calls for taking another look at secondary raw materials which offer a tremendous opportunity for increasing output and achieving high economic and social effectiveness. This is the major task, for it applies to thousands of tons of metals, paper, plastics and other raw materials which are recirculated into the production complex and converted into valuable goods. Any underestimating of secondary raw materials represents a clear net loss for the economy and waste of the people's work. The major role of counterplanning is to discover and make the fullest possible utilization of secondary raw materials.

Substantial opportunities exist for conservation and for increasing profits. They have been extensively studied and summarized in the national programs and the long-term plan and forecasts of combines, scientific research institutes and public organizations.

The report which the Bulgarian trade unions submitted to the BCP Central Committee emphasized that in the next 2 years the labor collectives will increase their

labor productivity two percent above the plan indicators and lower material outlays by 1-2 percent. The results of such activities will be expressed in terms of tremendous material and spiritual values. This objective must become the focal point of the thoughts and actions of anyone falling along the tremendous front of the building of socialism. It must be adopted as a life stance in the people's work, conscience and attitude toward labor and the problems facing our society.

The great tasks demand a model organization, efficiency and discipline. The brigade organization of labor will play a particularly important role. The collective forms of organization, entirely based on the economic approach, will become a decisive factor in the fulfillment of the plan and the reaching of higher economic, social and political results. It is here that the tremendous social and professional experience of the working class, rural workers, specialists and the entire public will be tested. Discipline will be upgraded considerably and the basic elements of the reproduction process will be used most fully: the labor means and objects, working time and all national economic resources. Principles of democracy and production management will be developed within the collectives. High moral norms and principles will be asserted in our way of life.

Very serious attention and daily concern are required for the rationalization, improvement of material and technical supplies, and implementation of cooperated deliveries. The economic and food complex of the country must be totally coordinated and operate on the basis of a single rhythm and strictest possible discipline. No excuses will be tolerated any longer on the part of some enterprises and economic organizations which damage the entire production chain as a result of poor activities and sluggishness. Any forgiveness of such faults harms the interests of collective and public interests and affects the vital problems of the people. The stipulations of the new economic mechanism must be applied most strictly and uncompromisingly toward anyone whose actions lead to production disorganization and idling or a worsening of economic and social indicators.

Today the planned assignments are the most topical problems of all party organizations and individual party members. They are the prime obligation of economic management, ministries, labor collectives and all public organizations. The first requirement now is to complete and adopt the counterplans and to create conditions for their rhythmical implementation from the very first day of the new year. Every working person is well aware of the truth that the success of the common national project is insured through the initiative, energy and contribution of every creator of material and spiritual values, and that each one of us is highly responsible for the fate of the great objectives and plans affecting the present and the future.

The party organs and organizations must intensify their political and organizational work which will encourage the collectives and collective thinking and actions to find reserves and include them in the counterplans and to improve the organization of labor and insure scientific and technical progress.

The precongress preparations showed the existence of important initiatives originated by the working people. Many of them have been screened in the reports submitted to the BCP Central Committee by working people, leading okrugs,

sectors and trade unions. This example must be comprehensively supported and encouraged so that it may become the mass movement of the Eighth Five-Year Plan.

Let us convert the plan into actions for the good of the people and to a base for an even greater upsurge in the headlong development of our socialist homeland with the application of great efforts and with new ideas and great contributions!

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WORKERS QUESTION LER ON SET OF MEASURES

Prague RUDÉ PRAVO in Czech 24 Nov 80 p 3

(Summary of roundtable discussion edited by Svatopluk Smutný and Miliuslav Vitavský)

[Text] Announced to the public more than 6 months ago, it will go into effect just a few weeks from now. The Set of Measures for the Improvement of the Planned Management System is a political and economic document of major importance that will have an impact on all of our working people. It is after all true that this document calls upon all workers to adopt a new attitude toward their jobs and to demand more of themselves. But this is possible only insofar as all workers understand the meaning and substance of the Set of Measures, adopt its rules as their own and abide by these rules, and take care to see to it that their compliance with these rules produces the desired results.

But how can we make sure that they will respond in this way? In order to find out, the editors of RUDÉ PRAVO invited several workers to attend a roundtable discussion with Comrade Leopold Ler, chairman of Government Committee for Questions Related to the Improvement of Planned Management. Of the invited workers the roundtable discussion was attended by: Karel Babáček, a foreman at the Breznice plant of the Central Bohemia Woodworking Plants; František Čech, metalworker at the Metallurgical Plant of the sectoral enterprise Škoda-Plzeň; Vanda Petáková, a seamstress at the Beroun Plant of the TIBA Enterprise; Antonie Samecová, a machineshop worker at the Jiskra plant in Tabor; Marie Vašáková, thermoset trimmer at the Havlíčkův Brod plant of PLASTIMAT; and Jan Vizda, driver for the Brno division of Transportation Construction enterprises.

[A. Samecová] It is going to be expected of us that we do just as good a job as before, if not better, and that we be more conservation-minded. I think that the idea behind this is to make sure that every workplace shows that it has done something to cut costs. The point is that the people themselves should come up with their own ideas on how to cut back, say, on the consumption of electric power, how to make better use of working time, and so on. This is nothing new. Rather this is something that

was always expected of workers, but maybe these expectations were not lived up to in a sufficiently systematic manner, since we still have not made as much progress as we should have in this regard. If we take a look around us, we can all see that this is so. Shortcomings should not be blamed on objective problems, since there is someone who is accountable for everything that goes wrong. Just as I am held accountable for my work, so must everyone else be held accountable for their work. And as long as this is the case, we should not have to be content with any of the problems that are cropping up in many places. In our plant we have always fulfilled our plan, and I am sure that we will continue to do so in the future. We are manning the machines that were purchased with foreign exchange in two shifts, and these machines really are being put to good use. If we are going to have to keep operating these machines at this pace, we are going to have to find the funds needed to buy spare parts. I would like to ask whether these funds are going to be available to us in the years to come. I would imagine that here in Bohemia we are manufacturing quite a lot of good machines, but we never get any of them, since they are probably being manufactured for export.

[Leopold Ler] There are two interesting points that were raised in this connection. Comrade Samova correctly states that there is really nothing new about demands calling for the conservation of materials, energy and direct labor, but there are some plants in which these demands pose a number of new challenges. The novelty in this depends on the extent to which a given enterprise has done a good job when it comes to setting output standards, enforcing labor discipline, and so on. We could cite examples in the consumer goods industry, or for that matter even in the engineering industry, to show that strict management standards are being effectively enforced. But we could also cite examples of enterprises where output standards are slack, where product quality ratings are being ignored, and where performance ratings are not up to par. The Set of Measures was introduced in order to make sure that we make effective use of all untapped resources from top to bottom. We are assuming that an enterprise which does a good job of fulfilling its export tasks will have access to a foreign exchange account which it can draw on in order to purchase various spare parts, raw materials, fabricating materials and whatever else it needs to improve its product. We think that we can give more decisionmaking initiative to the enterprises in the sense that, insofar as they fulfill or even overfulfill their export tasks, they ought to have access to their own foreign exchange funds, so that they do not have to go begging to a central organ for everything. It obviously follows, therefore, that what we are trying to do is to forge an alliance between central management and local initiative. We must make provisions for the more rigorous centralized management of the economy, but at the same time we must create a certain amount of leeway within which the enterprises should be able to thrive more by the results of their own initiative. For it is at precisely this level of the economy that the ideas and notions are born that make it possible for us to make our everyday lives a little bit better. No minister or ministry is in a position to come up with these ideas and hand them down from on high. This is why steps are now being taken to lay the kind of groundwork that is more conducive to this kind of ingenuity.

[F. Cech] I personally believe that we should also get around to making changes in some of our laws and regulations. Specifically, the Labor Code should be amended so as to transform it into an instrument that fosters the realization of our economic goals. In our plant people say that wherever self-control and discipline come into play and wherever words are accompanied by deeds results are bound to follow in every case. I have run into individuals who declare that the Set of Measures is some kind

of scare tactic. Every honest worker, factory hand, engineer, or anybody else who faithfully carries out their assigned tasks does not have anything to be afraid of. But people who are just plain lazy or people who only know how to follow beaten paths have to expect that they will not go very far. And this is, in my opinion, the principal reason for the Set of Measures. Otherwise, insofar as I can speak for Skoda, we are shifting our attention from gross output targets, which held sway up to now, to net output targets. In this regard we are not interested in semantics, but rather in seeking to it that our final product is of superior quality. The point is not just to do work, but also to accomplish something in the process. We know what is in store for us if we fail to meet this or that indicator. The worker needs to have his job, materials and energy sources planned out in a prompt and proper manner, and once these things are taken care of he will know how to get the job done. He knows how to do everything, he understands what he is doing and is highly skilled. But when he does a substandard job of getting things ready during the gearing-up phases of the production process, we then have to make up for this by working on Saturdays and Sundays. As for the future, we would not want to keep on working like we have up to now if we want to fulfill the plan. We are going to have to plan our work promptly and properly.

[L. Ler] The shifting of our attention from gross output to net output, as was just pointed out, is a change of fundamental importance. The practice of stimulating labor by focusing on indicators that reflect real output, profitability and product quality also represents a fundamental change, as does the move toward the imposition of penalties for substandard work. So, the point is that every enterprise has to think these things over and apply these changes in a way that fits their concrete conditions. We know of cases in the consumer goods industry, the heavy engineering industry or in the chemical industry where individual enterprises are coming up with specific ways to apply the provisions of the Set of Measures to their respective situations. But this is not everywhere the case. This will take some time.

There are a number of good ideas which we abandoned in the past, for instance, the idea of positions with the job titles of chief designer, chief engineer and so on. We are simply going to have to go back to some of these ideas. Consider, for example, the Ninth Congress of the CPCZ during which Comrade Klement Gottwald formulated the principles that are to govern the process of socialist construction. He put it very succinctly when he said that the worker must know not only what he is producing, but also how much it costs to produce whatever his enterprise is producing, that is, he must be informed about his enterprise's internal khosraschet situation. It is too bad that we distorted many of these good ideas in later years, or that we deviated from these principles. So, the point is that we should make use of all the experience we have gained in the process of building socialism in order to fulfill the new tasks that await us. You people at Skoda are going to have to boost your output more by conserving the metals you have than by importing additional iron stocks. This is to be sure a formidable task that must be addressed by your engineers and designers. We want to give them material incentives that will encourage them to fulfill this task. At the same time, it goes without saying that the gearing-up phases of the production process are truly decisive. A worker who shows up for work in the morning must know for certain what kind of work is going to be done that day. He must have access to the necessary materials, and he must know precisely what he is expected to do. This is why the Set of Measures also points out that a worker must be paid for the work which he performs on a daily basis in accordance with these provisions. The worker must not be left in the dark. As long as he does his job in accordance with

set standards, as long as he produces goods of requisite quality, and as long as he does his job efficiently, he must know for sure that he will be paid for the work he does under these conditions. But this is why the management staff, which has to go over all this and plan everything out, bears an even greater responsibility.

[M. Vasakova] The workers can have a say in helping to conserve materials or in making sure that everyone puts in a full day's work. But I think that in our plant it is no longer possible to increase labor productivity by setting up stricter output standards. Anyhow, in our plant most of the women work on a two-shift schedule, something which is still unheard of especially in the engineering plants where men work.

[L. Ler] Why do you think that men do not work on two shifts?

[M. Vasakova] I don't know. Maybe nobody can force them to, or they just don't want to.

[L. Ler] I think I know what you are getting at. In the engineering industry, for example, we have built factories with an enormous amount of floorspace filled with a large number of machine stations. In industry we have more machine work stations than we have manpower to operate these work stations. Perhaps we have made a mistake by creating too many job opportunities. I would say that this is not just a problem of men versus women, rather it is a problem of a more profound nature. After all, there are countries around us where men are working full time on second and third shifts. For example, a short distance from Bratislava is the city of Gyor [Hungary], which is the site of the engineering enterprise RABA where men show up for work on the second shift, just as our women do at the SLEZAN Frydek-Mistek plant and at other textile enterprises in East Bohemia and elsewhere.

[M. Vasakova] Nowadays we don't go shopping, rather we run around buying whatever we can get our hands on. What is the Set of Measures going to do for us women in this regard? What is it going to do to make things better on the consumer goods market?

[L. Ler] This is a very good question. We are not implementing the Set of Measures in order to revise indicators, decrees and reports, but rather in order to improve the performance of our economy. Specifically, the Set of Measures, in conjunction with the steps we have already taken in this regard, is supposed to be applied as a means of helping the people to obtain the goods they want to buy with their hard-earned money. We want to see to it that the VJJs and individual enterprises are assigned to carry out mandatory tasks as to the quantities of goods which they are supposed to supply the market, and we will evaluate the performance of their production, engineering and commercial departments according to the degree to which they succeed in fulfilling these mandatory tasks. A failure on their part to supply mandatory deliveries to the domestic market will mean that their management personnel will be penalized with pay cuts of 20 percent or more. Second, we want to make sure that enterprises think carefully about what kinds of new products they are going to supply to the market and about how to supply goods with higher quality ratings. It is on this basis that enterprises will be permitted to attach a surcharge, amounting to upwards of 30 percent, to their wholesale prices. They can then allocate these additional revenues to their wage funds and reward those workers who will be responsible for turning out these new products. However, those enterprises which fail to deliver

goods of requisite quality will be penalized. Third, we want to make sure that every VNJ and enterprise has a mandatory five-year plan dedicated to upgrading the quality of its products.

But you, comrade, obviously had something else in mind. We must strive to preserve the stability of our economy. In terms of our balance-of-payments situation we want to be a country that enjoys stable foreign trade relations. And it may happen that, say the engineering industry fails to fulfill its plan, but we will still have to pay for imports of grain, raw materials and processed materials. And so we may be forced to take goods manufactured by the consumer goods industry and, instead of selling them on the domestic market, sell them on the foreign markets. And all of a sudden we will find that there is a shortage of certain kinds of goods in our stores. It is a well-known fact that for every kilogram of machinery that is not sold for export we have to export 9 kilograms of rolled metal goods to make up the difference. However, these 9 kilograms of rolled metal goods in fact consist of imported iron and energy generated at a high cost with minimal inputs of domestic labor. This means that every sector of our economy must exist in a state of mutual equilibrium so that the wages paid out will be offset by the availability of goods for sale on the domestic market. The Set of Measures is supposed to foster this kind of equilibrium. But this also depends on the intrinsic merits of the plan and on whether or not we do an accurate job of defining the proportions set forth in the plan. We already have evidence, based on the experience of enterprises participating in experimental programs, which shows that there has been a marked upsurge in technological development work when it comes to deliveries for the domestic market and when it comes to the production of capital goods. But the share of goods in these categories that meet state-of-the-art world standards is still not what it should be. I think that our workers and engineers are capable of boosting this share by a considerable margin. But here too we must draw some distinctions. There are enterprises that have some good ideas locked up in a drawer somewhere, ideas which they could be putting into practice. But there are also enterprises which do not have any good ideas. So we have to reconcile ourselves to the fact that wage levels will vary from enterprise to enterprise. There is obviously no other choice in the matter. We cannot expect to encourage any special display of initiative by leveling wage scales, and so this is why the Set of Measures seeks to establish differentiated wage scales.

[M. Vasakova] I think that there is somebody that could do something about shortages of consumer goods on the market, but the workers themselves are not in a position to do anything about this. As long as I put in an honest day's work and meet my output quotas, why do I still wind up having to run all over the place to track down, or maybe not track down, what I need to buy?

[L. Ler] On this point I am going to take issue with you. A given worker, say, in Mlada Boleslav, does his job well. He does his piece of work and thinks to himself that everything is in order. But we then export the product which he has had a hand in making, in this case an automobile, and it later turns out that its front or rear axle breaks, the paint job gets chipped, the electrical system goes out, and so on and so forth. These are all defects for which we have to give the customer a discount on the car's price. However, the worker's wages were paid out in their full amount, but we wind up earning less foreign exchange than we planned on. It may be that the actual work done by this particular worker was in itself flawless, but in the final analysis his work does not count for much when the end product is defective. That is, in the final analysis the work that everyone put into this product is valued on the basis of its sum total merits. It may be that we still have not done a good enough

job of explaining how the work of each and every individual is bound up with the economic performance record of our society as a whole. But I do agree with what Comrade Vasakova said, namely that the basic problem here is subjective in nature. If workers in all sectors of the economy fulfilled their tasks in a responsible manner and were also mindful of the consequences of their work, that is, if they realized that they are working not in order to secure "their own turf," but rather in order to meet the needs of society as a whole, then most things would be in much better shape than they are now.

[V. Petakova] So, who is responsible for seeing to it that something like this does not wind up being sold for export?

[L. Ler] That really is an important question. We have got to start seeing limits on the degree to which producers can hide behind a cloak of anonymity. This will take time, but we have got to make a start in this direction.

According to the Set of Measures, 20 percent of the salaries received by management personnel is supposed to be tied to the end results of their work. This means that all managers are supposed to have a vested interest in seeing to it that goods are produced in accordance with plan requirements and in keeping with estimated costs and profit rates, that the share of goods bearing first-class quality ratings is increased, and so on. We want to do an increasingly thorough job of penalizing work of inferior quality. The way things are now it turns out that enterprises accept deliveries of inferior quality subassemblies and semifinished goods from subcontractors, and these enterprises are going to have a hard time turning out high quality goods using these kinds of materials.

For example, last year we penalized producers who delivered goods for inferior quality for sale on the domestic and foreign markets by cutting back on their wage fund allocations, by reducing appropriations to their cultural and social services funds, and the like. They complained in turn that they were not to blame, that the deliveries they received from subcontractors were of substandard quality. In the future we intend to see to it that subcontractors are also penalized for failing to upgrade the quality of the goods they supply to prime contractors. In all phases of the production process it is necessary to place strong emphasis on the need for improved product quality. Let me cite yet another example. Many enterprises are paying different kinds of penalties. As of this year we have started enforcing the rule which states that in every enterprise someone is personally responsible for paying a given penalty. That is, the responsible employee must pay a given fine out of his own pocket up to a rate of about 30 percent of the bonus which he would have received if the fine were paid anonymously by the enterprise. Naturally, this arrangement cannot be put into practice though the issuance of any single edict.

In all sectors of the economy we need to focus everyone's attention on the need for quality work. By next year all enterprises should have set up systems for the management of work quality. As of right now progress toward the implementation of these management systems has been held up, and the work collectives are losing money because of these delays. But there is no other way. The fact that fines will still have to pay for substandard work means that it will not be possible to raise wages by 2 or 3 percent, and this gives the work collectives an incentive to get busy.

[J. Vizda] In the course of going over the questions that would be of interest to us in connection with the Set of Measures we came across the question of khozraschet management. We figured that, according to the provisions of the Set of Measures, we

ought to come ahead by maintaining our present level of performance in fulfillment of the plan. And we concluded that we would come out ahead by a quite decent margin. But the question is whether we can manage to maintain a certain standard of quality in terms of our performance and perhaps even increase it. I am a driver and I work on highway construction projects. We often haul materials over long distances, and this is certainly not a good thing, especially if we are hauling something like gravel.

[L. Ler] There are a lot of lessons we can learn by looking at this or that highway construction project. If the rule still holds true that highways should be built at the lowest possible cost, then the project engineers, together with other specialists, are going to work for ways to minimize the amount of materials that have to be shipped to highway construction sites. This means, for example, that they are going to have to process the earth that is excavated directly on the construction site or somewhere close by so that they do not have to haul sand and gravel from God knows where.

[K. Babacek] I have something to say about the way excess profits are spent. To the extent that plants and enterprises actually earn surplus profits, they also ought to have some way of sharing in their distribution. These surplus profits should definitely not be distributed solely to higher-ranking economic organizations, rather they should also be placed at the disposal of the enterprises or plants which could spend these funds to pay for additional capital investments. We are also concerned about incentives for export sales to the capitalist countries. The enterprises themselves should receive some share of the foreign exchange that is earned as a result of the overfulfillment of export sales tasks, since they need these funds in order to buy new advanced plant and equipment and they often do not receive any appropriations to finance these purchases. If plants know in advance that they are going to get back a portion of the surplus revenues which they generate and that they can use these funds to finance the purchase of new capital goods, then this will produce some very positive results.

Our workers expect that the new planning and management procedures are going to produce certain benefits, even though they realize that there are bound to be problems in the beginning. And they say that these new procedures should have been adopted long ago. And another frequent target of criticism among our people is our overgrown bureaucracy. We would be glad if the Set of Measures could help them to eliminate this excessive bureaucracy so that they could really get down to accomplishing something. We are seriously afraid that any clearcut directives that are forthcoming will once again be watered down, before they are relayed to the enterprises, by paper shuffling maneuvers and that our management personnel are going to try to pull the wool over our eyes instead of attending to the management of our production work.

[L. Ler] I am sure you noticed that at the 18th session of the CPCZ Central Committee Comrade Gustav Husak, in his closing address, and Comrade Lubomir Strougal in his speech talked about the problems of bureaucracy. We have been directed and we are trying to do an effective job of debureaucratizing management and streamlining it as much as possible. This is not a simple matter, since the economy is becoming more and more complex and we are being forced to rely on computers to manage this increasingly more complex economy. I can illustrate this by citing the following example. We have opened a huge warehouse facility that supplies goods to one entire half of the city of Prague on the left bank of the Vitava. Every day this warehouse receives around 500 tons of goods made up of many thousands of individual items, and every day it ships out just as much. The warehouse managers have to keep track of guaranteed

delivery deadlines, the traffic of lift trucks, and so on and so forth. Without the computer it would take three such warehouse facilities to sustain a similar workload. But this does not mean that we have to keep piling on more and more paperwork in order to discharge our management responsibilities. This is why we must now submit to the government a specific program that will outline how we should go about streamlining the bureaucracy. There is a multitude of reports and memoranda that have become a habitual part of the management routine, but they do not serve any useful purpose as tools of management. And so, naturally, all of this is synonymous with bureaucracy. In keeping with the resolutions adopted by the 18th plenum we are recommending that the government should adopt a set of procedures that will make it possible to streamline the bureaucracy in certain sectors. We need to take meaningful actions, not pro forma ones, aimed at reducing the paper workload to the most essential minimum so as to enable our administrative services to function in a productive manner, and so as to make them materially accountable for their decisions.

Reference was just made to the problems of profits and export sales. In the years to come--and to some extent this is already the case--our VILJs and enterprises, insofar as they do a good job of fulfilling their export sales tasks, will be allowed to maintain their own foreign exchange accounts. They will be able to draw on these accounts to buy certain necessary items at their own discretion. The VILJs will also have their own koruna accounts so that they can do a better job of rewarding those people who contribute most toward boosting export sales. As far as surplus profits are concerned, enterprises will be entitled to receive their share of these surplus profits within the limits dictated by the principles of khorraschet management, and they will be able to use these funds to pay the costs of meeting their own needs.

[A. Samcova] Some engineers and managers think that the blue-collar worker does his job only in order to make money. Personally speaking, I feel that this is unfair, since, speaking on behalf of our collective, I can say that the blue-collar worker also needs to derive just as much of a sense of fulfillment from his work as a white-collar worker does. We have a stake in seeing to it that we do our jobs well and in a manner that conforms to standards of high quality. We also do our jobs in a much better frame of mind and without becoming nervous as long as the work we do turns out well. And we have more on our minds than just money, since we know that we are still going to get paid at the end of the month. Sometimes our comrades in management complain that they have an especially hard time obtaining the cooperation of the workers in connection with the establishment of stricter output standards. As far as this goes, it may be that it would be more equitable if, whenever some idle capacity is detected and it really turns out to be possible to set stricter output standards, some of the money that is saved as a result could be left to the workers.

[L. Ier] In the future we expect that we will be paying out incentive awards to enterprises which produce goods with a minimum number of workers, and these workers themselves will be duly rewarded for their efforts.

The official statistics reveal that there is at least a 20-percent reserve of idle capacity when it comes to the number of hours worked during a given working day. This means that we are paying for this 20-percent of unused working time without any work being done for the wages that are paid out. So, the point is that we should use the Set of Measures in order to start harnessing this idle capacity. We can do this through the planning of manpower resource allocations, through our wage policies, through profits, profit rates and other tools, including, of course, a well drafted plan. All idle capacities should be identified and accounted for in advance under

the terms of the plan. For their part, the workers should make a commitment to following the practice of writing up counter plans and to seeing to it that they receive their share of the profits made as a result of the disclosure of idle capacities.

[M. Vasakova] All enterprises are going to have their own set plans. Suppose, then, that somebody comes up with an idea for a highly advanced piece of machinery. What are the chances that a given enterprise is going to put this new piece of machinery into production? It seems to me that in our country a long time passes before a good idea gets translated into practical results in the production process or on the marketplace.

[L. Babacek] Generally speaking, I would say that this is an easy question to answer. But when you get down to specifics the question turns out to be more complicated. Inasmuch as we are going to force the economy to place the highest possible premium on raw materials and energy, I am assuming that enterprises would have a stake in installing highly advanced kinds of machinery and getting rid of machinery that uses up too much metal, too much energy and so on. For the foreseeable future the survival of our enterprises is going to have to depend on their making an effort to turn out new and advanced products that use up less direct labor and place a maximum premium on raw and processed materials. And they should realize that if they do not take this approach they may soon find themselves in a very compromising situation.

In evaluating the results of the experiment in efficiency and quality management we have found that our technological development programs rank among the most glaring shortcomings of this experiment. We all have some highly critical things to say about this situation, but we are still looking for an effective way to make technological development policy the focal point of our entire system of planning and management. For the time being not much has changed in this regard, even though we have some very concrete and solid evidence to show that those VHJs and enterprises which have been rightfully winning gold medals at fairs and exhibitions are already looking to the future in order to insure that they will continue to win gold medals in the years to come. But this is still not what we are looking for. Therefore, in the course of monitoring the manner in which the Set of Measures is put into practice and the manner in which it contributes to the mobilization of untapped resources, our principal task will be to ascertain the role played in all this by scientific and technological development, which in fact must be regarded as the point of departure for the entire system devoted to planning for the development of our enterprises and branches. We are relying on the Set of Measures to lay the groundwork for this. The salaries paid to the managers of our enterprises will be based to an ever increasing extent on the efficiency of their performance in selling goods on foreign markets, on the profitability of their enterprises, on the productivity of their fixed capital stock, and on the degree to which they succeed in increasing the share of their products that receive first class quality ratings. All of this means that at conferences of directors and management staff, questions must be raised which ask what kinds of new additions have been made to our plant and equipment, what new ideas we have come up with to improve our products, and the like. Enterprises are going to have to treat everyone who comes up with product improvement suggestions and innovations with, so to speak, tender loving care, and do nothing to stand in their way. It is this kind of attitude that must prevail among all of our management personnel.

[K. Babacek] I have heard that exceptions are going to be made in some cases and that some branches of the economy will not be affected by the Set of Measures until later on or will be exempted from them altogether.

[L. Ler] I would like to say that whether or not exceptions are made is beside the point. The point is, namely, that we must apply the Set of Measures to individual branches of the economy in a careful and sensitive manner. This is why we have decided that in the mining industry, for example, we are not going to work with net output indicators, rather we are going to base our wage policy in this industry on physical output indicators, i.e., coal production. In the power industry our wage policy will be based on the volume of electricity that is generated, but we will base the incentive component of our wage policy in this industry on the demand responsiveness of the power system and the amount of energy supplied to the national economy. In the engineering industries and in both ministries of industry the Set of Measures is being implemented in a manner that does not make allowances for any special cases. In the construction industry we are establishing certain set performance standards, and we will be applying these standards in order to give managers in this industry an incentive to cut back on the amount of in-progress construction work. In other words, we are not granting any exceptions. And it needs to be said that we are not bound to apply every provision contained in the Set of Measures starting next year. For example, during the course of the next 2 years we are going to be making changes in whole prices, and it will be necessary for us to draw some practical conclusions in light of these changes. In other words, the Set of Measures will become fully effective on 1 January 1981, but in some areas the practical application of these measures will proceed in a gradual manner.

[K. Babacek] We are annoyed by the fact that various training courses are to blame for our high rate of worker absenteeism. We recently held some talks with the kraj committee of our trade union, because it turned out that one of our comrades was already spending more time attending meetings than she was at work. I think that the new system will put a stop to many of these kinds of problems. The plants are going to deal with these problems themselves, and they will arrange things somehow so that the number of meetings can be kept within tolerable limits. Further, I would like to point out that our research and development workers--and this is a question raised by our workers on many occasions--should also have a stake in seeing that their work produces some visible results.

[L. Ler] I would like to say that for the time being we have set ourselves some specific goals, but the realization of these goals is a more complicated matter. It is our desire in principle that the research and development base should have an interest in the direct application of its work in the production process. We want to encourage the setting up of a larger number of research and manufacturing associations and thereby reduce the time it takes for the results of research and development work to show up directly in industry. We want to see to it that the plans of our VHJs and enterprises set mandatory goals with reference to the contributions of the research and development base to increased output, increased profits, productivity, and so on. But in all candor it has to be acknowledged that we still do not have a completely clear idea as to how we should address all of these questions. Getting back to your comment on absenteeism, let me say this. We are also going to have to look for rational ways of conducting our public affairs activities. This means that our training programs, meetings, aktiv projects and so on are going to have to be conducted in a rational, and efficient manner and with a view to achieving concrete results.

[F. Cech] A number of enterprises took part in the experiment in efficiency and quality management. What are the results of this experiment?

[L. Ler] We have been assessing the results of this experiment at regular 6-month intervals. For the most part the effectiveness of the experiment's underlying principles, those aspects of the experiment having to do with the formulation of the plan and the entire economic mechanism, has been borne out. The experiment has produced some positive results, and this is also why these results have been made an integral part of the Set of Measures. At the same time, though, we must realize that it will not be possible at any time in the very near future for the results of this experiment to show up directly in the way we run our economy. Nevertheless, it can be pointed out that the experiment furnished us with some very encouraging evidence to indicate that an interdependent relationship exists between wage policy and net output; the participating enterprises behaved in a prudent manner; for the most part they fulfilled the 3-year tasks concerning labor productivity as measured in terms of net output and wage trends; they set up fixed wage reserve funds and geared all of their wage policies toward rewarding those workers and departments which made the greatest contributions to the results achieved. Further, they paid much more attention to technological development; at the VHJ level funds were pooled to finance those kinds of technological development projects which work to the advantage of the VHJ as a whole; and steps were taken to put a stop to the uncontrolled proliferation of tasks assigned to subordinate enterprises. On the other hand, we were disturbed by the fact that a stronger effort was not made to curb the capital intensiveness of our industries, and the changes made in our export sales policy have still not been put completely into practice. These are long-range goals, and we have taken this into account in the Set of Measures. It turned out that we are going to have to give the VHJs a larger policy-making role, concentrating on the areas of technology, commercial and investment policy. The enterprises and plants are going to be primarily responsible for turning out goods in a manner that conforms to set quality and cost requirements, but policy-making in the capital investment, commercial and technological areas must be taken care of by a higher-ranking level of management so as to prevent the excessive dispersion of funds. Generally speaking, I can say that this experiment was a good idea. And the Set of Measures is not a closed book. Rather, it is a living document which we will enrich with the practical knowledge and experience of our work collectives so that management can flexibly adapt itself to and have a say in the drafting of those tasks which will be set by the 16th Congress of the CPCZ, and to which we will address ourselves during the 1980s.

[M Vasakova] Why -- no nationwide debate called in order to discuss such an important docum

[L. Ler] The Set of Measures is a product of the experiences of the 12, or rather the by now 17 VHJs which are participating in the experiment, and the experiment in and of itself constitutes a kind of debate. In these selected collectives there are half a million people who are finding out for themselves what this experiment is all about, and who are in addition sharing with us their concrete experiences. Second, the Set of Measures is based to a large extent on the experiences of the USSR and on the Soviet document issued in July of last year. Third, the Set of Measures is based on the tasks set forth by the 15th Congress of the CPCZ. Fourth, the Set of Measures constitutes a challenge to think creatively, and every plant, every work collective has a chance to state its views on how the Set of Measures will be applied to the resolution of their own problems. I would say that this could be called a great intraparty, nationwide debate inasmuch as the Set of Measures has been thoroughly debated at communist aktiv meetings at the kraj and okres levels and at meetings held by the trade unions, the Youth Union, and elements of the National Front. An integral part of the application of the Set of Measures is its translation into specific

planning, and financial, price and wage regulations. In this regard our central organs are proceeding in a manner so as to insure that every such regulation is debated and consulted on with a broad cross-section of enterprises and VHJs so that it accurately reflects the objectives of the Set of Measures without going into excessive administrative detail and so that it is responsive to concrete requirements.

[J. Vizda] I attended a conference at which some calculations were made to show how things would have turned out if we had fulfilled this year's plan according to the rules set down in the Set of Measures, and these calculations showed that things would have turned out really well. Of course, the next step is that we must lay an objective groundwork that will enable us to keep up this good work and even do a little bit better. This objective groundwork refers to the fact that we must have access to trucks, machinery, spare parts, and a more flexible system for doing general overhauls on our trucks. For us these are important considerations. I consider the laying of an objective groundwork for the application of the Set of Measures to be absolutely essential.

[V. Petakova] I am wondering whether the reason for some of the shortages on the market do not also have something to do with the fact that some plants are producing only those kinds of goods which are directly profitable for them, goods which make more money for them or are more convenient for them to manufacture. Assuming that we have a planned economy in this country, how is it possible that some enterprises can do whatever they want to. In our enterprise we have to stick to our production plan for all classes of fabrics, but there would not be any plan if we said to ourselves that we are only going to produce whatever fabrics we happen to like.

[L. Ler] It is definitely inconceivable for us to plan out every detail of our economic life. Working from the center we can plan the basic proportions of our economic activity and broaden these proportions so that the plan will be more evenly balanced in terms of its basic structures. But nobody working from the center can draw up production plans for individual products and assortments of products which, after all, amount to millions of items. We would eventually like to rate the performance of enterprises according to the way they live up to the economic contracts that define the needs of consumers. Every detail pertaining to consumer wants and needs would then be spelled out in these economic contracts. It goes without saying that problems having to do with varying degrees of profitability are always going to crop up, but when an enterprise pledges to supply its customers with goods in such and such quantities and in conformity with such and such quality standards it ought to live up to that commitment. In the Soviet Union, for example, some very stiff penalties are imposed for the failure to live up to the terms of economic contracts. The Set of Measures proposes that a system of this type should be set up in Czechoslovakia as well.

Anyone who looks at the report of this roundtable discussion in the hope of finding an answer to every question is probably going to be disappointed. The Set of Measures is a document that covers too much ground to permit an exhaustive discussion of its every aspect or to allow for a thorough analysis and explanation of its every provision. Nor was this our intention. Rather, what we wanted to do was to illustrate how much is known about the demands of their future work by those people who did not attend any special aktiv meetings or orientation

sessions, who did not familiarize themselves with the Instructions and elaborations that apply to the specific conditions of their workplaces, and who know about the Set of Measures based only on what has been written and said about them. And yet this was still a very useful and encouraging discussion, since it showed how our people have interpreted the goals set forth in this document, what kinds of ideas have occurred to them in this connection, and what kinds of questions they want to have answered.

But we now have a perfectly clear idea--and this brief summary of what was said during this roundtable discussion lasting for several hours bears this out--as to what people are thinking about the problems that affect their workplaces and the economy as a whole, how alarmed they are about current shortages and problems, and how they want to go about eliminating, overcoming and rectifying these problems. During the course of this discussion A. Samcova put it very aptly and nicely when she said that the blue-collar workers also needs to derive a sense of fulfillment from his work and that he too has a stake in doing a job well and in a manner that conforms to standards of high quality.

Anyone can object that it is one thing to talk about the Set of Measures and another thing to put them into practice. But what about this expressed desire to do one's job well and to take pleasure in one's work? Is this not a hopeful sign of what next year will bring? It stands to reason that the Set of Measures is no simple or easy proposition. It is going to impose heavy demands in terms of the optimal utilization of everyone's talents and abilities, but having the courage to "tackle" problems is one of the basic prerequisites for success. Based on past experience it can be said that our roundtable discussion with these workers was characterized by a more optimistic atmosphere than the many conferences attended by top management officials. And this is good news, since such an important document as this cannot be introduced solely from above. Rather, it also must meet with a favorable response from below.

But just as we should not read too much into the fact that some of our top management people cannot see beyond the mountain of problems facing us to glimpse the goal toward whose realization we are striving, neither can we draw any sweeping conclusions from this roundtable discussion. It was only one small stone in the mosaic of ideas running through people's minds these days.

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CZECHOSLOVAKIA

ECONOMIC RESULTS IN OCTOBER 1980 REVIEWED

Prague HOSPODARSKÉ NOVINY in Czech 28 Nov 80 p 2

(Article from the Federal Office of Statistics: "Report on Plan Fulfillment, October 1980")

(Text) In the development of the national economy in October several positive features emerged, including especially:

- in industry, overfulfillment of enterprise plans for deliveries for export to socialist and nonsocialist countries at all charges paid prices; the month's plan for deliveries in domestic trade in retail prices was generally fulfilled;
- in agriculture, good fulfillment of the scheduled plan for procurement of all basic animal products;
- in public freight transportation, overfulfillment of overall planned transportation tasks;
- in foreign trade, more rapid growth of total exports than total imports;
- in domestic trade, acceleration in the dynamism of retail sales in the main trade systems with overfulfillment of enterprise plans.

Planned objectives were not met in October in the area of production, either in industry or construction. The building enterprises reported low plan fulfillment, especially in contractual housing construction. There continued non-comprehensive fulfillment of plan indexes designed for current assessment of plan fulfillment by industrial and building enterprises.

The results achieved in development of the national economy in October and for the 10 months were influenced by 1 additional working day over the same period last year.

In centrally planned industry enterprise plans in all aspects of sales were surpassed in the period January to October. The largest overfulfillment of planned objectives was recorded in deliveries for export in all charges paid prices both to socialist and nonsocialist countries. Compared with the same period last year, in these 10 months the volume of deliveries for export to

non-socialist countries in all charges paid prices increased by 20.6 percent (in wholesale prices by 5.1 percent) and deliveries to socialist countries in all charges paid prices increased by 11.0 percent (in wholesale prices by 7.3 percent). Deliveries for domestic trade in retail prices reached over 103.1 percent and for deliveries for investment 100.6 percent. The industrial enterprises net production goals 99.3 percent in October, or 100.1 percent from January to October. Compared with the same period last year the volume of industrial production increased by 4.1 percent in October or 3.8 percent during the 10 months. Average daily production fell by 0.3 percent in October but was 3.3 percent higher from the beginning of the year. With total enterprise plans overfulfilled, in the area of sales and production the uneven fulfillment of planned objectives continued.

In agriculture the progress of autumn field work was delayed because of bad weather. As of 11 September the harvesting of sugar beets was completed in 84.4 percent of planned areas and corn for grain was harvested from 51.4 percent of planned areas. Potato harvesting approached its completion. As of 11 September the sowing of winter wheat was delayed by about 14 days compared with last year and fall plowing was carried out in 77 percent of planned areas. In animal production the procurement of all basic animal products was satisfactorily carried out in October. The greatest increase over the same month last year was recorded in the procurement of hogs for slaughter--11.8 percent, and the procurement of cattle for slaughter--7.2 percent.

In construction the building enterprises carried out construction work with internal resources valued at Kcs 7.3 billion in October and thus fulfilled the month's plan specifications 99.0 percent. Compared with last October the volume of building production increased 1.3 percent while average daily production declined 2.9 percent. The number of housing units delivered by contractors was 2.3 percent below that of last October. From the beginning of the year to the end of October 64,341 housing units were delivered by contract enterprises or 52.6 percent of the year's planned objective. The noncomprehensive fulfillment of the plan for construction still continues. From January to September only 27.6 percent of all enterprises which had prescribed indexes for current assessment of plan fulfillment met those indexes.

In capital construction the increase in total volume of construction work and deliveries was greater than called for in the year's state plan [but] its material structure deviated from the planned objectives. Deliveries of machinery and equipment increased in the 10 months at a faster rate than the state plan objectives for the whole year--105.1 percent and 102.3 percent more than construction work. From January to October the total volume of investment work and deliveries increased by 3.5 percent according to estimates made for October--the planned increase for the entire year is 2.0 percent. By the end of October 74.6 percent of the year's planned objectives in capital construction were met and a higher proportion was achieved in projects designated as priority assignments.

Public freight transportation met 100.6 percent of its forwarding objectives (railroad transportation 102.1 percent; CSAD [Czechoslovak Vehicular Transportation] 99.4 percent). In October a total of 58.3 million tons of goods was

transported or 1.5 percent more than in October last year. The month's plan was also exceeded in total railroad loadings. The volume of goods carried by public freight transport facilities in the 10 months—532 million tons of goods—was 2.8 percent more than over the same period last year (the year's planned growth is 1.6 percent). The transportation plan was overfulfilled in this period by 3.9 million tons of goods or 0.7 percent.

In October foreign trade in current prices recorded a higher rate of growth in exports and imports than during the same time in 1979. From the beginning of the year to the end of October the planned rate of growth was exceeded in overall exports as well as total imports. In the period from January to October imports from socialist countries had a lower rate of growth than projected in the state plan throughout 1980. During the 10 months 81.6 percent of the entire year's planned exports to socialist countries was met as well as 78.5 percent of imports from these countries. Trade with nonsocialist countries met 77.6 percent of the year's state plan for exports and 74.3 percent of the plan for imports.

In domestic trade (at current prices) the population purchased goods for Kcs 19.3 billion in October which was 4.3 percent more than in the same month in 1979. The retail turnover in the main trade systems amounted to Kcs 174.2 billion, in the trade network to Kcs 152.3 billion, and in the public catering sector to Kcs 21.9 billion during the January-August period. In comparison with the identical period of last year, the retail trade turnover in the main trade systems increased by 3.5 percent, while the enterprise growth plans were fulfilled 101.5 percent during the first 10 months of this year.

Personal income increased from January to September 1980 by 4.4 percent compared to the same period of 1979. Social transfers have shown the largest growth in the same period (rate of increase of 109.5 percent) while wages and salaries increased by 3.2 percent.

Actual expenditures during January to September increased by 5.1 percent compared to the same period of last year; the largest part of this increase was in the area of services (12.8 percent).

Personal savings accounts balances were Kcs 152.0 billion as of 15 October 1980, which was Kcs 4.7 billion more than a year ago.

Money supply was Kcs 41.5 billion as of 31 October 1980.

Basic Indicators of Development of National Economy in April 1980 (increments over comparable 1979 Period (in percent))

	October	January-October	State Plan <sup>1</sup>
<b>Deliveries of centrally planned industry for:</b>			
Investment at wholesale prices	-	0.6	+ 3.3
Domestic trade at retail prices	-	3.3	3.6
Export to socialist countries			
—at wholesale prices	-	7.2	3.0
—at all charges paid (frankel) prices	-	11.0	7.7
Export to non-socialist countries			
—at wholesale prices	-	3.1	6.9
—at all charges paid (frankel) prices	-	10.4	15.0
Other sales for manufacturing, construction and operations at wholesale prices	-	6.8	-
Volume of industrial production	4.1	3.8	3.5
Average number of employees	0.4	0.7	0.7
Labor productivity	3.7	3.1	1.8
<b>Construction:</b>			
Construction work completed with internal resources	1.3	1.9	1.3
Average number of workers	+ 0.6	0.0	0.4
Labor productivity	1.9	1.9	3.9
Building units delivered by contracting enterprises	+ 2.3	+ 2.9	6.1
<b>Procurement:</b>			
Slaughter animals (including poultry)	9.0	1.6	0.4
Milk	1.4	0.0	1.9
Eggs	3.2	3.6	3.2
<b>Retail trade:</b>			
of the state trade systems	4.3	3.3	3.2 <sup>2</sup>
<b>Foreign trade:<sup>3</sup></b>			
Exports to socialist countries	20.7	12.7	7.2
Exports to non-socialist countries	21.5	26.7	17.5
Imports from socialist countries	10.5	8.3	6.9
Imports from non-socialist countries	12.4	10.0	9.1
	September	January-September	State Plan <sup>1</sup>
<b>Completed investment Construction and Deliveries (less action 2 (self-help projects and private construction))</b>			
of which: actual construction	+ 0.7	3.6	2.0
machinery and equipment	+ 1.8	2.3	6.0
Personal income <sup>4</sup>	0.8	3.2	+ 2.3
of which: income from wages	1.0	3.2	4.1
Actual expenditures	7.7	3.1	3.6 <sup>5</sup>

1. Increments compared to actual 1979 results with the exception of industrial work indicators.
2. Data on actual results refer to actual transactions, state plan (as distinct from actual transactions) does not include unplanned reexport, trade operations, barter, controlled trade, etc.
3. All trade systems.
4. Including estimated interest for loans.
5. Data calculated according to the treasury plan of the Czechoslovak State Bank.

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## CZECHOSLOVAKIA

### COAL MINING, POWER GENERATION IN NORTH BOHEMIA EVALUATED

Prague SVET HOSPODARSTVI in Czech 21 Nov 80 pp 1, 2

[Article by Engr Jaroslav Pnukla, Kraj Administration of the Czech Statistical Office, Usti nad Labem: "A Significant Energy Base"]

[Text] North Bohemia is the country's traditional fuel and energy base. This region's significance to the national economy increased further in the 1970s, when the conditions for importing fuel and energy changed considerably. The sharp rise after 1973 in the prices of particularly refined fuels on the world market compelled the Czechoslovak economy to concentrate on the better utilisation of the domestic sources of fuel and energy. In the Sixth Five-Year Plan this concept is based primarily on utilizing the geological reserves of brown coal in the North Bohemia Brown Coal Basin. In the subsequent period likewise the increase of primary sources of energy for our own energy needs will be ensured with brown coal from the North Bohemia Basin.

Solid fuels at present account for more than 60 percent of our fuel budget in physical units. Despite the increasing share of gaseous fuels and nuclear power, solid fuels will remain decisive in supplying our primary sources of energy also in the 1980s. At the same time, brown coal is the basic component within solid fuels for fuel and energy needs. The salable output of NBS (North Bohemia Brown Coal Basin) in 1979 was 68.2 million tons, which is 56 percent of the total output of coal in Czechoslovakia and 73 percent of the statewide salable output of brown coal. These data, together with the planned targets, adequately characterize the importance of the North Bohemia Brown Coal Basin for the present and future development of our national economy.

In view of the national economy's growing needs, coal production in the North Bohemia Basin increased at a rapid rate in the postwar period. Here the overall output was not quite 20 million tons in 1950, and in the next ten years it doubled, approaching 40 million tons in 1960. The 1970 output was 55 million tons, and the 1979 overall output was close to 69 million tons. With these developmental trends the North Bohemia Basin is not only maintaining but even increasing its high share of the statewide production of brown coal.

Overall production of brown coal in Czechoslovakia rose by 5.5 million tons under the Fifth Five-Year Plan, and this entire rise was covered by increased output in the North Bohemia Brown Coal Basin. In the period 1976-1979, when the annual increases became significantly higher, output in the North Bohemia Basin increased by 8.3 million tons in four years, which accounted for 80 percent of the increase in brown coal production statewide. The increases were ensured primarily at the Brezno Strip Mine, VNG (Velkion Maxim Gorkij; Maxim Gorkij Large Strip Mine), the Most, Merkur and Smeral strip mines, and at the Chabarovice Large Strip Mine where production began in 1977. This simultaneously means that there are changes in the territorial distribution of mining and in the quality of the coal mined.

Most remains the principal mining district and still provides more than one-half of the basin's output. The annual output is stabilized here at roughly 36 million tons, while the declining output of the underground mines is offset by the increasing output of the strip mines.

The decisive increases in the basin's output also under the current five-year plan are in Chomutov Okres where there are vast deposits of power-plant coal. Output in this okres increased 2.4-fold during the past ten years and it already reached 19.5 million tons in 1979, which was 28.3 percent of the total output of the North Bohemia Brown Coal Basin.

Coal mining has traditions of long standing also in Bilina Okres, where 0.1 million tons of coal was mined last year. This is true also of the immediate vicinity of Usti nad Labem, where 3.2 million tons was mined last year. In the early 1970s, coal production was extended also to the northern part of Louny Okres.

The Triskolupy Strip Mine was opened in conjunction with the construction of the Pocerady power plant. Here 2.3 million tons of coal was mined last year. Thus mining in the North Bohemia Brown Coal Basin occurs in five of the ten okreses in North Bohemia Kraj.

With the increase in output, however, the quality of the supplied coal is declining. This applies particularly to the constantly declining heating value of the mined coal, and to its increasing ash content. These trends are a result of the increasing proportion of power-plant coal, of the declining output from underground mines, and of the slower development of mining (as compared with the plans) at the Maxim Gorkij Large Strip Mine that has deposits of high-grade coal.

The heating value of the coal from the strip mines in Chomutov district is 10.46 MJ/kg, whereas the heating value of the coal from underground mines exceeds 17.16 MJ/kg.

The heating value of the coal supplied by the North Bohemia Brown Coal Basin was 12.58 MJ/kg last year. This represents a drop of 0.7 MJ/kg over 1975,

and a drop of 1.3 MJ/kg or 9.7 percent over the report data for 1970. To obtain one ton of standard fuel equivalent it was necessary to mine 2075 kilograms of coal in 1970, but already 2297 kg nine years later. Thus a proportion of the increase in output actually compensates for the declining heating value of the coal.

#### Stepped-Up Plans for Salable Output

According to the breakdown of the Sixth Five-Year Plan, the North Bohemia Basin's salable output in the period 1976-1979 was to have been 258.8 million tons of coal. However, the needs of the national economy exceeded this target, and therefore the annual plans increased it to 261.9 million tons. The actual salable output during this period was 262.9 million tons, and the overfulfillment--in comparison with both the five-year plan's breakdown and the annual plans--was achieved in the first two years. Overfulfillment was made possible entirely by work on Sundays and holidays, and 4.6 million tons of coal was mined in such special shifts during the past four years. The increasing output on Sundays and holidays simultaneously indicates some of the problems associated with plan fulfillment. At the same time, however, the development of the output slowed down in 1979 as compared with the targets of the five-year plan, and this year we have been unable to ensure the planned output already since January.

In comparison with the annual plan, the greatest shortfalls in salable output this year occurred in the first quarter (1.2 million tons), and their magnitude was influenced by unfavorable weather. But the planned output was not achieved even in the subsequent months, with the exception of April. Thus the shortfalls show a rising trend and rose to 1.8 million tons of coal in the period January-September. The output has thus declined noticeably below last year's level. This is associated with the fact that the consequences of inadequate stripping in the preceding years are beginning to manifest themselves more intensively.

The basin's main problem is the stripping of the overburden. In view of the intensive development of strip mining and the worsening geological conditions, when it is necessary to strip an ever greater depth of overburden, the demands regarding the volume of stripping are simultaneously rising. However, stripping has lagged behind the basin's needs already under the Fifth Five-Year Plan, and the planned volume of stripping has not been fulfilled even under the current five-year plan, whereby the basin's problems are intensifying.

The shortfall in stripping in the period 1971-1975, in comparison with the targets of the Fifth Five-Year Plan, was 51 million cubic meters. The greatest shortfall occurred at the Maxim Gorkij Large Strip Mine. Inadequate stripping of the overburden and its uneven distribution by areas meant that already in this period the conditions worsened for ensuring the coal output planned under the Sixth Five-Year Plan.

In comparison with the breakdown of the Sixth Five-Year Plan, the shortfall in stripping the overburden in the period 1976-1979 was 60 million cubic meters. On the basis of the present rate of stripping, this

Table 1. Development of Brown Coal Output and Stripping in the North Bohemia Basin (A = Report Data; B = Difference Between Report Data and Five-Year Plan's Breakdown; C = Difference Between Report Data and Annual Plan)

(1)	Měsíc jednotka	1975	1976	1977	1978	1979	Index 75-79
(2) Třebíčská 10000 t/hill	A. tis. ton	80 850	82 210	85 560	86 830	88 220	114.8
	B. tis. ton (3)	X	+1 360	+2 050	+1 250	-170	X
	C. tis. ton	X	+1 360	+2 050	-824	+224	X
(4) Hruška třebíčská 10000	A. tis. ton	80 000	83 000	88 300	87 775	88 000	113.7
(5) Třebíčská povrchová 10000	A. tis. ton	53 533	50 000	58 742	61 044	62 047	117.4
(6) Třebíčské dolomyty povrchového března	A. tis. ton	980	877	1 039	1 361	1 244	206.3
(7) Třebíčský 10000	A. tis. ton	37 001	39 042	36 384	35 697	35 104	98.7
(8) Libeňské dolomyty na Šumavce (třebíčské roky)	A. tis. ton	27 003	28 592	25 781	26 599	24 073	97.8
(9) Vysokomýtské odvážecí 10000	A. M/kg	13.52	13.24	13.02	12.92	12.70	94.3
(10) Třebíčské skrypty	A. mil. m <sup>3</sup>	158.5	160.3	157.3	155.1	159.0	99.7
	B. mil. m <sup>3</sup>	X	+1.8	-12.7	-16.9	-28.0	X
	C. mil. m <sup>3</sup> (11%)	+8.3	-0.7	-14.9	-10.4	X	
(12) Pnětluky SKR na celostátní hranici (třebíčské hranice) 10000	A. %	72.0	72.0	72.2	72.3	72.0	X

Key:

1. Units	8. Workable reserves in strip mines (at year's end)
2. Salable coal output	9. Heating value of supplied coal
3. 10 <sup>3</sup> tons	10. Stripping of overburden
4. Overall coal output	11. 10 <sup>6</sup> cubic meters
5. Of which strip mining	12. Share of North Bohemia Brown Coal Basin in overall output of brown coal statewide
6. Output on Sundays and holidays	
7. Sized coal	

shortfall represents a slippage of roughly 4.5 months. Stripping of the burden has been stagnating essentially since 1973, despite the fact that the stripped volume should have been increased to provide sufficient lead time for the advancing removal of the berm.

The lag in stripping the overburden is caused primarily by the still low reliability and inadequate performance of the new machinery, and also by slow progress in correcting the shortcomings of the large excavators and long conveyor belts. Delays in supplying new equipment and in placing the mining capacities in operation, as well as failure to attain the design parameters, have similar consequences. The TC 3 technological unit, which was placed in trial operation three years late, has so far failed to produce the anticipated results, because the output plan of coal mined with it was fulfilled only 51 percent last year.

The increasing shortfall in stripping the overburden influences unfavorably the state of reserves prepared for mining and limits the basin's

production capability. With increasing output, the prepared reserves at the strip mines show a declining trend. At the end of 1975 these reserves dropped to 24.1 million tons, i.e., by 3.6 million tons over 1975. In sum these reserves represented 137 days of output. However, the prepared reserves were not distributed evenly by areas, which further complicated fulfillment of the planned output. Reserves are prepared with insufficient lead time at the Merkur, Triskolupy and Lezaky strip mines. At the Maxim Gorkij Large Strip Mine, Pokrok Strip Mine, VCSA (Velkolem Ceskoslovenske Armady; Ceskoslovenska Armada Large Strip Mine), and at the Jan Sverma, Antonin Zapotocky, Chabarovice, Prunerov and Obrancu Miru strip mines, however, the workable reserves represent from 46 to 70 days of output, which is close to the operational limit. Yet these strip mines account for roughly 45 percent of the output of the basin's strip mines.

#### Demands for Capital Construction

The mentioned situation with regard to sources of fuel and energy, reflected in the increased demand for coal output in the North Bohemia Basin, simultaneously creates higher demands also for capital construction. It is necessary to ensure not only the construction of new capacities and the expansion of existing ones. Mining is being extended into densely populated areas with a developed infrastructure, where the advancing of the the cuts and the clearing of the foreland are associated with supplementary investments, and it is essential to ensure also these preconditional investments, even though they often are very costly.

Construction of the Merkur, Brezno, Most, Maxim Gorkij, Chabarovice and Vrsany strip mines, and reconstruction of the Jan Sverma and Ceskoslovenska Armada strip mines have a combined budgeted investment cost of 6.1 billion korunas. From the commencement of their construction through 30 June 1980, 3.3 billion korunas was spent on construction work and deliveries for these projects. Construction of the mentioned mining capacities is ensured in the form of obligatory tasks in the state plan. The most important induced investments--such as the Most corridor, relocation of the Trebusice-Chomutov and the Usti nad Labem-Teplice railroad lines, and replacement of the Drinov water works--enjoy the same priority. Realization of these projects is a prerequisite for access to the coal deposits, and hence for the further development of mining.

Completion of the Most corridor, into which the highway, railroad line, Bilina River and the civil-engineering systems were relocated, made room for the mining of the high-grade coal under old Most. The budgeted cost of this project totaled 0.7 billion korunas. Relocation of the Trebusice-Chomutov railroad line, at a budgeted cost of 1.2 billion korunas, will permit an increase in the output of the Jan Sverma Strip Mine. Relocation of the Usti nad Labem-Teplice railroad line will provide access to the coal deposits of the Chabarovice Strip Mine. The budgeted cost of this relocation totals 1.1 billion korunas. The complex of replacement structures for the Drinov water works, at a budgeted cost of roughly 1.1 billion korunas, will make it possible to develop the cuts of the Ceskoslovenska Armada Strip Mine.

Capital construction in the North Bohemia Brown Coal Basin, where 30 percent of the Czechoslovak coal industry's investment allocations under the current five-year plan is concentrated, is characterized by high annual rates of increase, especially from 1978 on. Although in value terms the planned tasks have been overfulfilled since the beginning of the five-year plan--and this applies to both the volume of work and deliveries for capital construction, and the obligatory tasks--a number of problems persist from the viewpoint of annual fulfillment. First of all, the efforts have been unsuccessful to improve the quality, and thereby also the operational reliability, of the TC 2 technological units that fail to attain their design parameters when they are placed in operation. In some instances, moreover, the technological units were not completed on schedule, which is reflected unfavorably in the basin's preparedness for its increasing coal-output targets.

#### Development of Power Industry

Thermal power plants, which burn predominantly brown coal from the North Bohemia Basin, generate more than 90 percent of the power produced in Czechoslovakia. Therefore a number of power plants were built close to their sources of fuel supply, directly in the southern foothills of the Krusne Hory. Significant expansion of installed generating capacity in the North Bohemia power plants occurred in the 1970s when ten 200-MW units were commissioned successively. The Pocerady I power plant, with an installed capacity of 800 MW, was commissioned in 1970-1971. The Tusemice II power plant, with an installed generating capacity of 800 MW, was commissioned in 1974-1975. The Pocerady II power plant, with a generating capacity of 400 MW, was commissioned in the second half of 1977. The first of five 210-MW generating units at the Prunerov II power plant is to be commissioned late this year. The rapid rise of installed generating capacity made it possible to double the output of electric power in the period 1968-1978. North Bohemia Kraj supplies more than one-third of the total output of electric power in Czechoslovakia.

Construction of the mentioned power plants produced a significant qualitative change in the power industry's production base. Generating units of 200 MW now account for fully 50 percent of the installed capacity in the independent thermal power plants. The economic advantages of the 200-MW generating units are more-efficient fuel utilization and savings of direct labor. The largest generating units in our power industry so far, these 200-MW units accounted for the entire increase in electric output in the kraj. The decline in output in 1979 was due to exceptionally bad weather in the first days of January, when work in the strip mines and the transportation of coal were paralyzed. This, in combination with low stockpiles, limited also the North Bohemia power plants in generating electricity. The fuel shortage and the subsequent power cuts manifested themselves in a sharp decline of the power plants' capacity utilization in terms of time.

Table 2. Output of Electric Power and Development of Installed Capacity at the Thermal Power Plants of the Federal Ministry of Fuel and Power in North Bohemia Kraj

	MW/mil. kilowatts	1975	1976	1977	1978	1979	Index 1975
(2) praha elektrárna celkové	mil. kWh	21 010	21 604	23 230	25 411	26 512	119.8
(3) toto:	(11)						
(4) Černišovice elektrárna	mil. kWh	18 830	19 003	20 003	22 040	22 170	119.8
(5) + toto: na 200MW bloky	mil. kWh	8 734	7 930	9 100	11 001	11 700	174.4
(6) Pardubice elektrárna ČEPS							
(7) Mostecký výkon celkový	MW	2 500	2 525	4 025	4 250	4 375	122.0
(8) toto: 200MW bloky	MW	1 200	1 000	1 004	2 200	2 200	157.4
(9) Chotoviny výkon celkový	MW	2 500	2 603	2 700	2 622	2 622	121.0
(10) toto: 200MW bloky	MW	887	889	1 163	1 513	1 577	181.0
(9) výroční instalované výkony	MW	5 182	5 100	5 183	5 770	5 000	97.8
(5) toto: 200MW bloky	MW	4 000	4 007	4 004	5 000	5 000	110.8
Podíl Severočeského kraje na celostátní výrobě elektřiny (10%)		38.5	36.4	35.1	36.8	36.0	X

Key:

- 1. Units
- 2. Total output of electric power
- 3. Of which
- 4. In thermal power plants of the Federal Ministry of Fuel and Power
- 5. Of which 200-MW units
- 6. Thermal power plants of the Federal Ministry of Fuel and Power
- 7. Total installed capacity
- 8. Available generating capacity
- 9. Utilization time of installed generating capacity
- 10. North Bohemia Kraj's share in total output of electric power statewide
- 11.  $10^6$  kWh

In 1979 there was a further partial improvement in the capacity factor (to 70.4 percent), and also in the power factor (to 74.5 percent). In both instances the improvement occurred in the 200-MW units as well as in generating units of 110 MW or less. In spite of this, peak capacity was reduced temporarily last year by 1053 MW, including 613 MW in 200-MW units. The low availability of the 200-MW units is a result of the inadequate quality of decisive equipment, while the completed capital construction did not ensure the prerequisites even for attaining the rated capacities. Technical shortcomings of the boilers and turbogenerators are being eliminated through general overhauls in the nature of renewals, and through reconstructions. These create the conditions for improving the capacity balance of the electric power system and its economy of operation.

In 1979 the specific fuel consumption for the output of electric power was 13.5 percent lower in the power plants with 200-MW units than in the power

plants equipped mostly with 110-MW units. During the elapsed years of the Sixth Five-Year Plan the decline in specific fuel consumption at the independent thermal power plants located in the kraj was influenced favorably by particularly the increasing output of electric power from the 200-MW units. The shutdown of the already obsolete Ervenice power plant as of 1 April 1980 will also contribute toward a reduction of the specific fuel consumption this year.

Reduction of the specific fuel consumption in the electric power industry is slowed down by the worsening quality of the supplied coal. Most power plants in North Bohemia Kraj are burning fuel with a heating value equal to the one for which the plants were designed. However, a significant proportion of the deliveries to the Komorany and Tusimice I power plants in North Bohemia Kraj had a heating value lower than the one for which these plants were designed, and this affected unfavorably not only the specific fuel consumption but also the frequency of breakdowns and the overall output of electric power.

The statewide increases in coal output and electric power generation are not insignificant, and to no small extent this can be credited to the North Bohemia Basin and the power plants located in North Bohemia Kraj. However, the expansion of resources is not the only way to ensure the continuous supply of the economy and population with fuel and power. Equal effort must be devoted also to thorough rationalization of the consumption of all types of fuel and energy.

#### PHOTO CAPTION

1. p 2. The North Bohemia Brown Coal Basin is of growing importance to our power industry. The basin's employees are striving for a maximum increase of coal output. New strip mines are being opened here. These include also the one being built in Vrsany, Most Okres. It will be a part of the Lezaky Mines, Concern Enterprise, Most. Its reserves are estimated at 100 million tons of brown coal. The strip mine's design capacity is 6.0 million tons a year. By the end of this year, 745,000 cubic meters of overburden must be stripped here. Actual coal mining will begin at the end of 1982. The KU 800/11 giant excavator at the newly opened mine in Vrsany is shown on this photograph taken by L. Zavoral of the CZECHOSLOVAK PRESS AGENCY.

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FINANCE MINISTER ADDRESSES PEOPLE'S CHAMBER ON BUDGET

AU301640 East Berlin NEUES DEUTSCHLAND in German 18 Dec 80 pp 4, 5

[Speech by GDR Finance Minister Dr Werner Schmieder on the GDR Budget Law at the 12th GDR People's Chamber Session in Berlin on 17 December 1980]

[Text] Esteemed deputies: The draft bill submitted to you on the 1981 state budget is entirely overshadowed by the broad people's initiative. "The best for the 10th Party Congress: everything for the people's well-being."

In accordance with the decisions of the 13th SED Central Committee session, the draft bill is aimed at consistently continuing, in the coming year of the 10th Congress, the policy of peace and socialism announced by Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, in his speech in Gera.

Together with the national economic plan, which involves a rapid performance increase for the further successful solution of the main task, the present draft bill is of great sociopolitical significance for the political course of the united economic and social policy.

Implementing the 1981 state budget will help to further comprehensively strengthen the GDR, and to deepen the firm alliance with the Soviet Union and all states of the socialist community.

A Greater Net Income Is Decisive

Esteemed deputies, the draft bill sets the task of earning treasury receipts totaling M164.5 billion. Receipts have increased by M9.1 billion compared with the 1980 budget, which is typical of the great development of the national economy's performance, as explained by Comrade Willi Stoph, chairman of the Council of Ministers. The further stable and balanced finance policy of our state is founded on this basis.

It is typical of the state revenue of our republic that 90 percent of the revenue increase will be earned through greater and more effective production. The nationalized economic combines, particularly in industry, have the decisive share in this.

It is just as typical that the financial means earned by the industriousness and creative vigor of the workers class and of all working people serve the purpose of further fashioning the developed socialist society.

Almost every third mark will be used for boosting labor productivity and further developing the material-technical base of our national economy. Every second mark will be used to safeguard the achieved standard and to further improve the citizens' working and living conditions.

Esteemed deputies, the GDR is doing all it can to make an active and constructive contribution to peace and security in Europe.

At the same time, this requires reliably safeguarding the defense capability of our republic in the socialist military coalition of the Warsaw Pact. The financial means necessary for this, totaling M10.2 billion, are allotted in the 1981 budget.

A basic task in implementing the 1981 state budget consists in the high effectiveness and quality of each GDR mark spent for the people's benefit. It is a basic requirement therefore to obtain high results with minimum expenditures in all sectors of the national economy, and everywhere to spend each GDR mark sparingly, in keeping with the principle of socialist thriftness.

We must always take into consideration the changed external economic conditions. The council of Ministers regards as essential a constant calculation, measuring and comparing of input and output in all sectors. For this purpose, the GDR mark constitutes an incorruptible yardstick for each manager at each work place.

Esteemed deputies, earning a great socialist net revenue is of decisive significance for increasing our national income and for a stable budget. As expressed in an exemplary manner in the pledges of the working people of the Zeiss Jena Veb combine and of other combines of industry and the construction industry the ways to achieve this are increasing output and productivity, cutting social expenses and boosting exports and their profitability.

Greatly important for economic activity is a reduction in production expenses and costs. Reducing social expenditures by 15 percent until 1985, is a concern of all national economic sectors. The year 1981 constitutes an extremely important period for this. This applies to industry, the building industry, as well as to agriculture and the foodstuff industry, transport and communications, trade and all other sectors of our society.

In the draft bill on the 1981 state budget, combines and enterprises of the nationalized economy are tasked with operating with M5.2 billion fewer costs as compared with the performance development in 1980. Particularly, a reduction in the consumption of power, raw and other materials has become necessary in keeping with the requirements of the eighties, which must be reflected in cost calculations and cost reduction.

This also applies to the rational exploitation of basic assets and funds, as well as working time, and to cutting cooperation and transportation expenditures.

Expenditures for management and administrative purposes must also be reduced, first and foremost by means of an intensified application of electronic data processing, of management structures that are visible at a glance, the prevention of duplicate work and other measures of rational labor organization.

#### Important Means for Intensification

Science and technology, effective rationalization measures and great savings in materials are decisive for all these urgent needs.

A yardstick for all these are combines such as the Carl Zeiss Jena Veb combine, the Karl-Marx-Stadt Fritz Heckert Machine Tool combine and the Erfurt Herbert Warnke Transformer Technology combine, which are significantly reducing social expenditures primarily by means of scientific-technical work, peak performances of new products, technologies and new procedures.

In addition--the state draft budget for 1981 envisages--further considerable financial means will be expanded on the key issues of rationalization. Altogether, M8.4 billion will be spent on stepping up scientific technical progress. This is 12.3 percent more than in 1980. Almost 75 percent of these considerable funds will be focused on scientific technical means for the nationalized industry whose combines are saddled with a great responsibility for durable performance increase and growth rate of the final products for the national economy, for supplies to the population and for exports.

With top performances, and with a high degree of refinement of raw materials, products with international quality grades should be manufactured first and foremost which, while requiring minimum national economic expenditures, at the same time fetch high foreign exchange yields on foreign markets. The economic effectiveness of scientific-technical progress as a whole must be enhanced.

The M47.6 billion envisaged for financing investments in 1981--not counting comprehensive construction of new apartments--must also help to implement the principle of maximum effectiveness. The "Joint decision of the SED Central Committee Politburo and the Council of Ministers on increasing the effectiveness of investments for further strengthening the GDR economic capability" constitutes the yardstick for all this. Proceeding from this basis, the combines and enterprises of the nationalized economy must primarily employ their investment means, which total more than M40 billion, for deepening intensification and rationalization of the reproduction process.

The planned investment projects must be ensured by means of qualified management with low building expenditures and with a high degree of production effectiveness of the expended funds. With all the things our society buys for the further development of its material-technical base, it is particularly important to more and more intensively utilize the available potential of basic assets and circulation assets.

The financial organs and banks must more consistently assert these national economic exigencies. All the chief accountants and economic management heads are also saddled with this high responsibility.

## What a Saved Pfennig per M100 Is Worth

Insteemed deputies, many combines and enterprises of industry and construction have established for themselves a fine starting position by means of the additional output of 2 work days in 1980, for a further perceptible improvement of the input-output ratio.

More and more work, enterprise and combine collectives are assuming the obligation to exceed, in 1981, industrial commodity output and the sales plan by at least 1 per cent. They want to achieve one extra daily output by as early as the 10th SED Congress.

The additional manufactured final product, obtained from saved materials, will be effective in the balance sheets of the combines and enterprises also in terms of saved basic materials as well as greater profits. Such efficient management is useful to society, is profitable for the combines and enterprises, and benefits each individual working man.

Though our economic activities involve some M480 billion of basic assets and more than M350 billion in production input (in industrial prices of 1980, each mark and pfennig counts for successful implementation of the state budget in the national economic calculation. Only one pfennig less per 100 marks' worth of commodity production, in transport or trade services, brings us today almost M50 million more in profits for our national income.

Therefore, order and discipline must be even more urgently tightened in the struggle for higher economic results wherever exceeding costs, losses of materials, commodities or fodder as well as costs for rejects, retouching and work under warranty clauses curtail the possibilities for increasing national income. It is particularly important to prevent such losses in advance.

In the struggle for maximum efficiency, economic cost accounting occupies an important place in the combines and enterprises.

Input and output at the level of the work place are being computed in an exemplary manner by this method at the Walter Ulbricht Veb Leuna works, at the Leipzig Takraf Veb Heavy Machinery Building works, and at the Hermann Matern Eisenhuettenstadt Strip Steel works. The socialist competition conducted by the FDGB under the slogan "greater utility from each mark, each working hour and each gram of material" has a great social effect in this context. Each executive must regard creating the most favorable prerequisites for all this as an important part of his responsibility.

## Performance Comparisons Show Differences in Effectiveness Levels

Performance comparisons between combines, enterprises and work collectives constitute a particularly productive method of tapping important reserves for an increasingly better relationship between input and output. It is possible, by generalizing experiences, to more quickly overcome differences in the standard of performance and effectiveness. For example, if each apartment building combine attains the standard of Schwerin concerning cement consumption per apartment unit in multi-floor apartment construction, savings would result that are beneficial not only

in terms of money but also in lower expenses in material energy and transportation for the national economy. The Council of Ministers focuses the attention of leadership activities on overcoming unjustified differences in performances and effectiveness.

Just as important for our national economy are the working people's efforts in agriculture, forestry and the foodstuffs industry to make the input-output ratio increasingly more profitable by means of effective exploitation of the soil, technical equipment and fodder in both plant and animal production. The competition slogan of the cooperative peasants of Gera Bezirk: "Up with yields, down with costs," mobilized the necessary struggle for reserves in all socialist cooperatives, state enterprises and cooperative institutions of agriculture, forestry and the foodstuffs industry.

Our socialist state supports the successful alliance policy of the workers class with the cooperative peasants, with M1 billion from the state budget for the state and cooperative agriculture, forestry and foodstuffs industry. In accordance with the present draft law on the state budget for 1981, the intensification of production and high performance are being effectively promoted.

Esteemed deputies, Comrade Erich Honecker, general secretary of the SED Central Committee, again underscored in his fundamental speech in Gera that the social policy adopted by the Ninth SED Congress will consistently continue on the basis of the dynamically growing performance of the national economy. This is also a fundamental concern of the 1981 state budget.

#### Appropriations From Social Funds Rise Up to 110.4 Percent

In 1981, M7.7 billion will be allotted to the state's social funds that benefit all citizens by ensuring the high social standard achieved and gradually improving it.

The increase up to 110.4 percent as compared with 1980 makes clearly visible the high contribution of our state to the population under changing external economic conditions.

Esteemed deputies, the Council of Ministers would like to underscore this particularly. Our society's solicitude for the youngest citizen to the meritorious labor veteran is an expression to the entire world of the humane nature of the real socialism existing in our country.

The following sociopolitical services contained in the draft bill on the 1981 state budget prove how the fruit of high economic performance and growth rates benefit all citizens by means of the social funds of the state.

#### For Better Housing, M7.7 Billion

1. In 1981, M7.7 billion--that is 9.4 percent more than 1980--are being allotted to apartment building as the gist of our social policy, and to the housing economy from the state budget. The Bezirk and Kreis councils are shouldering a high social responsibility for effective use of these means. The input-output ratio must be further improved through purposeful implementation of the decisions of the Seventh

Construction Conference of the SED Central Committee and Council of Ministers in this field, in the interest of our good social policy. Proceeding from the target of reducing building costs by 15 percent until 1985, the state norms must be strictly observed in 1981, building costs must be purposefully cut, and building materials and working hours must be handled extremely rationally.

2. Appropriations from the state budget totaling M10 billion are envisaged for education. This is 7.2 percent more than in 1980.

This is part and parcel of the proven policy of our state that all children, regardless of the social position of their parents, are able to obtain a high degree of education.

In 1981, expenditures per student in 10th grade polytechnical secondary schools will be increased to M1,550, and M867 million will be allotted to catering for children and students.

Increased appropriations have been earmarked for youths who are studying. These expenditures on scholarships, hostels and dining halls will total M736 million in 1981.

Considerable financial means will be appropriated for vocational training and the qualification of adults. It is a basic concern of our society that the working people cope with the exigencies of the eighties with a high standard of general education and professional qualification.

#### Twenty Percent More for Stable Prices and Rates

3. In 1981, 3.3 percent higher appropriations from the state budget totaling M17.6 billion, are planned for health and social services as well as for social insurance.

A considerable portion of these state expenditures has been scheduled to ensure that each citizen receives proper social care in order to maintain and restore his health and proficiency.

State budget expenditures in 1981 for pregnancy and maternity benefits, as well as for paid leaves after giving birth to a second child, are expected to total more than M1 billion. A total of M1.3 billion will be allotted for children and maternity bonuses, as in 1980.

State budget expenditures for the careful treatment of patients in general hospitals will increase to M18,450 per bed in 1981.

The draft bill for 1981 is based on the provision that labor veterans will be paid social insurance pensions totaling M15.8 billion, in order to provide social security for them after a life filled with work.

4. State budget expenditures for ensuring stable prices of essential goods, and stable rates and fares for the population will increase to M19.8 billion. This is a more than 20 percent increase compared with 1980.

These expenditures of the state budget make particularly clear the policy of the workers' class party and the GDR Government to see to it that the higher expenditures of combines, enterprises, and cooperatives for raw materials and fuel involving essential goods, rents and fares, do not result in a burden on the citizens and their real incomes.

The Council of Ministers can make a general statement to the effect that all fixed sociopolitical services to the population will be safeguarded by the present draft bill on the 1981 state plan budget in keeping with provisions of the law and legal rights to benefits.

Esteemed deputies, the further fashioning of the developed socialist society is most closely linked with perfecting socialist democracy. The responsibility of the local people's representatives and their councils is growing. Their economic management is also marked by all this.

Under the present draft bill on the 1981 state budget, the local state power organs will command increasing budgetary means totaling M35.7 billion in the coming year of the 10th SED Congress.

It is in the interest of the socialist society to accomplish, with these state means, maximum performances for the citizens and the towns and villages where they live and work. The multifaceted initiatives of the population in further developing the competition "beautify our towns and villages--join in" must also be purposefully used for this.

In this connection the Council of Ministers underscores the high responsibility of each state organ to obtain all of its own receipts according to plan. In keeping with the exigencies of the state plan, these receipts must be primarily obtained from the economic activities of their subordinated enterprises and combines of the building industry, transport, trade and utilities.

Esteemed deputies, the draft bill on the 1981 state budget submitted to you agrees with the vital interests of our people. With its demanding economic and social policy targets, it is entirely focused on further fashioning the developed socialist society in the important year of the 10th SED Congress.

By order of the Council of Ministers, I ask you to give your approval to the draft bill on the 1981 state budget.

CSN: 2300

GERMAN DEMOCRATIC REPUBLIC

INLAND WATERS SEEN PRODUCTIVE FOR FISHING

East Berlin PRESSE-INFORMATIONEN in German No 136, 18 Nov 80 p 5

[Article by Dr Horst Dahlmann, deputy chairman, Frankfurt Bezirk Council: "Intensive Fishing in Inland Waterways"]

[Text] The inland fishermen of Frankfurt Bezirk operate 15,000 hectares of lakes and running waters and 700 hectares of ponds. The Inland Fisheries VEB, the interenterprise Institute for Fish Hatching, and the eight producer cooperatives of working fishermen intend to make available this year for the supplying of the population, not only of our bezirk, some 728 tons of carp and 171 tons of trout, among others. The Bezirk Council, together with experienced scientists and practitioners, has worked out a long-term program containing comprehensive measures to intensify the production of fish for consumption, the processing of fish, and to provide for improved fresh-water fish supplies.

The basis of all fishing is water. Hence a focal point of the work is the more intensive utilization of the lakes, the creation of additional ponds, and the improvement of the cleanliness of the water bodies. Thus, unutilized areas or lowlands in several regions have been put to use for inland fishery through the creation of ponds.

In the Oderbruch area near Altfriedland, Seelow Kreis, for instance, 17 carp ponds have already been created in this manner. In Angermünde Kreis new water bodies are also being created. In many localities reconstruction measures have been taken, such as the dredging of silted up lakes and the digging of fishing pits [Abfischgruben], in order to create improved conditions for the growing fish production and easier working conditions for the fishers.

**Strengthened Enhancement of Carp Production**

The expansion of the water bodies available for inland fishery is only one side of the coin. The other is the improvement, through special measures, of the hatching and feeding of fish. The most important branch of inland fishery of Oder Bezirk is the production of carp. The new ponds serve above all for the production of stocking fish, the one-summer carp of about 25 grams and the two-summer carp of roughly 250 grams in weight. In the work of producing fish for stocking we had until now rather high losses, which we attempt to counter above all with hygienic and sanitation measures. Hatching waters, in particular, are provided with protective zones. This requires very good cooperation with the

Industrial and agricultural enterprises for the maintenance of water purity is by no means the responsibility of water managers alone. In collaboration with the Water Management Directorate and the Hygienic Inspection Service, all streams flowing into hatchery waters will in the future be controlled on a regular basis for their content of nutrients and noxious materials, and polluters will be called to account more strongly.

To get the carps ready for the cooking pot more rapidly--a New Year's carp is 3 years old--and to raise the yield per hectare of pond surface, supplementary pellet feeding is used. In this manner our inland fisheries expect to produce 2,700 kg of fish per hectare of pond surface.

The Inland Fisheries VEB envisages the attainment of an output of 5,000 kg per hectare on 10 hectares of ponds by 1985. A spinning aerator developed by the innovators of the enterprise, which enriches the water with additional oxygen, is to be used for this purpose in particular. It permits the stocking with a larger number of fish and more intensive feeding.

#### Close Collaboration in the Cooperation Association

Trout also fare very well in our waters. In 1970 the inland fishermen brought 20 tons to shore, and this year the yield is to be 171 tons. For the hatching and raising of one-summer trout we have constructed the so-called trough installations (Rinnenanlagen), for instance in the Schlaube Valley at the Brendorf mill. The feeding of trout in net cages guarantees a good utilization of fodder. The control of the fish and the fishing itself become very simple matters. By 1985 another four trough installations will have been constructed in order to make trout production even more secure.

In addition to carp and trout, the inland fisheries also bring to shore such sea and river fish as pike, perch, tench, roach and bream. Stocking measures specific to each water body serve to raise the yield per hectare. Thus, there exist special pike-and-tench lakes, or perch lakes, which are stocked with the young of these fish.

To solve these demanding tasks ever more successfully, close cooperation of all inland fishermen prevails in the bezirk under the guidance of the Bezirk Council. Every 2 months a meeting of representatives of the Cooperation Association Freshwater Fish is held, the membership of which includes, in addition to the inland fisheries, representatives of the fish processing industry, the German Angler's Association of the GDR, trade and water management. They balance the plan target accounts, consult about future undertakings and exchange experiences. In this manner they are to attain the goal of all enterprises achieving as good results in carp and trout raising as does the Interenterprise Institute for Fish Hatching.

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## GERMAN DEMOCRATIC REPUBLIC

### EAST BERLIN'S PUBLIC TRANSPORTATION PROBLEM DETAILED

East Berlin BERLINER ZEITUNG in German 21 Nov 80 p 3

[Article by Dr Karl-Heinz Gerstner: "Commuter Traffic in the Capital: Accomplishments and Investments--Punctuality Counts"]

[Text] Our capital has about 645,000 people in continuous employment (including apprentices). The majority uses public transport to go to work. In addition, there are tens of thousands of workers from Potsdam and Frankfurt-on-the-Oder Bezirks. Two transport systems are responsible for this commuting traffic: the intraurban electric railroad (S-Bahn), which is part of the GDR Railroad (Deutsche Reichsbahn) and the BVB (Berlin Transport Enterprises) Combine. On working days the S-Bahn transports some 800,000 passengers--about 250 million annually (taking into account Sundays and holidays). The BVB transports roughly 1 million passengers daily in three enterprises: 450,000 by streetcar, 300,000 by bus and 250,000 by subway--360 million annually. Jointly this comes to more than half a billion.

These numbers are backed by significant accomplishments of the workers of the three BVB enterprises and the S-Bahn. In addition to frequently expressed recognition--including that printed in the BERLINER ZEITUNG--there are also quite a few complaints about public transport. These relate essentially to shortfalls in respect of four points: punctuality, information at the time of traffic changes, politeness of public transport employees and cleanliness of rolling stock and stations.

#### A Train Delay Affects 4,000 People

The punctuality of the S-Bahn and the three BVB enterprises is checked every day. For the S-Bahn, the average this year is nearly 99.5 percent. In October, for instance, it was only 92 percent on 1 day because of three rail breaks on different S-Bahn lines. The average values for the BVB are below those of the S-Bahn. In the case of the streetcars and the buses this is caused above all by their dependence on street traffic (state of the roads related to weather, traffic density, switching of traffic lights).

On the S-Bahn, delays of 0.5 percent affect some 4,000 passengers. In the BVB enterprises the impact is on 5,000 people. This shows the great responsibility of the Berlin public transport systems.

The causes of shortfalls in the S-Bahn and subway systems are usually technical disruptions. Rail breaks have occurred more frequently than on other lines on the 12-km S-Bahn section between Schoenfliess and Blankenburg. Here the entire long-distance railroad and S-Bahn traffic runs over two tracks, with an enormous load of express trains, regular passenger trains, freight trains and S-Bahn trains. Every delay which starts here spreads throughout the rest of the S-Bahn network.

Since September, the track superstructure of this 12-km sector is under renewal, with an expansion for two separate S-Bahn tracks. The reconstruction of this sector with maintenance of a full traffic load is exceedingly complicated. This makes the more important the engagement of the construction collective to complete the rebuilding of the track superstructure, envisaged for the end of the year, ahead of the planned schedule. Until then the substantial inconveniences of the 40-minute train frequency and of the substitute rail transport Birkenwerder-Blankenburg in between times should be accepted with understanding. Once the superstructure is renovated and the two new S-Bahn tracks are laid, the commuter traffic in this sector will roll much better.

#### Good Information Does Not Cost Much

Whereas the above is a question of large investments, politeness and good information can be provided without investment, or at least without significant investment. Among the stations where there are evident shortfalls with respect to information, one has until now been the S-Bahn station Schoenefeld, which also serves for long-distance railroad traffic and as a transfer point for the Schoenefeld Airport. Whoever does not know his way around here will need much time to find his bearings; the BERLINER ZEITUNG has already criticized this publicly.

This railroad station has for a long time been a construction lot. By now the first roofed platform has been completed, and the new entrance building is under construction. As concerns the information possibilities, there certainly is a necessity for further short-term measures before the completion of the new railroad station, whether these be an information stand, information officials, or--perhaps best--a well thought-out system of indicator signs. Letters to the editor of the BERLINES ZEITUNG denote as indispensable a weather-protected waiting installation on each platform and also a better quality of the Mitropa [Central European Dining-and Sleeping-Car Corporation] provisioning. Every day some 50,000 workers from the Potsdam, Teltow and Wuensdorf area transfer here into the S-Bahn in their commuting trip.

#### New Car Wash Installation Provides for More Cleanliness

In summer a new car wash installation for the S-Bahn was put into operation in Friedrichsfelde, and earlier one was started up in Gruenau. With this the external cleaning has essentially been provided for. The internal cleaning is more problematic because it is labor intensive. The new S-Bahn cars have been designed to permit mechanization of the internal cleaning also. Altogether the degree of cleanliness of the trains and of many stations still does not meet requirements.

In the BVB transport systems, the frequent technical disruptions in the subway constitute the weak point. The management of the BVB is working with high concentration on their elimination. Daily controls prior to the start of operations and also a series of technical measures are part of this effort.

Both the BVB and the S-Bahn have lately implemented substantial investments, especially for the connection from and to Marzahn. On this new S-Bahn line four stations have been put into operation in the last 2 years: Friedrichsfelde-Ost, Springfuhl, Karl-Marx-Straße and Marzahn. In December the two new S-Bahn stations Otto-Wagner-Straße and Bruno-Leuschner-Straße will be opened up. The streetcar line No 18 ties the city center to the new Marzahn building district; the No 11 and No 12 lines link the Frankfurter Allee with Marzahn.

#### Situation Improved, But Still Not Satisfactory

The S-Bahn line Gruenau-Zeuthen has been reconstructed for two-track operation. New signaling installations on this line permit a denser train sequence and the reduction of delays. Five S-Bahn stations have been reconstructed. New S-Bahn cars have been developed, of which the first have been taken into operation on 9 September. In several S-Bahn stations the installation of ticket automats has begun. The ticket canceling equipment, which time and again has come under criticism, is to be replaced by mechanisms that can maintain their operability. Work has begun on the Marx-Engels-Platz station. It is to be desired that this action can be accelerated and completed soon.

The BVB has taken into operation 200 Tatra streetcars. New tracks to a length of 8.3 km have been built, the maintenance yards Weissensee and Lichtenberg have been reconstructed, and 25 percent of the subway cars have been renovated. The stock of buses has been brought to the best level ever through net additions. Recently the bus line No 37 Gruenau-Altglienicke has been reconstituted.

By means of these investments as well as the efforts of the S-Bahn and BVB workers, the Berlin public transport to and from work was able to improve on the whole in the last few years, even if at certain points the situation is not yet quite satisfactory. The number of passengers transported has been rising by about 1 percent annually since 1976. This means an annual increase of about half a million passengers. In all transport systems the supply of places has risen.

Smooth transport to and from work contributes to work enjoyment and work discipline. It ensures the potential free time and has direct economic effects, and is, therefore, of the greatest social and economic importance.

9108  
CSO: 2300

## ECONOMIC PLAN FOR 1981 APPROVED

Budapest NEPSZABADSAG in Hungarian 1 Jan 81 pp 1, 3

[MTI Hungarian News Agency] Communique: "The 1981 Plan. 3 to 3.5 Percent Growth in Industrial Production. 3 Percent Growth in Agriculture. 1.5 Percent Growth in Consumption. 182 Billion Forints Set Aside for Investments. 76,000 to 78,000 Apartments To Be Built"

[Text] The Council of Ministers discussed and approved the 1981 National Economic Plan. It stated that the 1981 plan is consistent with the Sixth Five-Year Plan of the Hungarian People's Republic and gives concrete expression of the latter for the first year of the five-year plan period. The plan targets are based on the 1980 results of national economic development and take into consideration the domestic and international conditions of economic growth projected for 1981.

### Development of the National Economy in 1980

The chief goal of the 1980 National Economic Plan has been fulfilled: the equilibrium situation of the national economy has improved substantially; the total excess of imports over exports has declined significantly and, in particular, the non-ruble trade balance is better than planned. The improvement in the balance situation was accompanied by slower than planned economic growth. The modifications of the system of economic regulators introduced in 1980 and other measures taken in the course of the annual plan helped to strengthen the preceding year's accomplishments in controlling domestic utilization.

Instead of the 3 to 3.5 percent growth rate set by the plan, national income grew by about 1 percent. The number of employees in productive sectors declined more rapidly than planned. Work productivity has improved. Costs per unit production are higher than calculated. Final domestic utilization of national income has declined somewhat more rapidly than planned: in particular, consumption by the general population has increased slightly. Accumulation, especially the accumulation of fixed assets, has declined. Accumulation of inventories is also less than calculated. Thus, the ratio of consumption to accumulation has shifted in favor of consumption. In terms of quantities, foreign trade has not increased relative to 1979. Exports of goods and services increased more slowly than planned. Our imports have declined instead of a projected slight increase.

Industrial production was slightly less than in 1979, compared to a projected increase of 3.5 to 4 percent. Production in mining, metallurgy and the machine industry was lower than in 1979; in other sectors, production has increased. Reduced domestic demand and the cutbacks or elimination of uneconomic exports and production in some industrial sectors played a role in lowering output. Another contributory factor was the ability of a large number of enterprises to generate substantial profits even with lower production volume as a result of higher than planned producer prices. This resulted in the lack of an incentive to utilize unused capacities for economic exports or import substitution.

The direction and proportions of industrial product sales were in accordance with the goals of the plan. Output for productive purposes was the same as last year. Consumer-oriented sales declined slightly. Sales of investment goods were lower than in 1979 while exports have increased.

Modernization of the industrial production structure has continued. Nevertheless, improvements in production efficiency, structural transformation and the emergence of dynamic enterprise operations are occurring at a slower rate than justified. The energy conservation measures introduced in 1979-80 are producing visible results. We are seeing a commitment to reducing the material and energy intensiveness of production. The nation's energy consumption was the same as in 1979.

The number of industrial employees declined by more than the decline in production. Output per employee has increased.

Output of the construction industry declined in line with the slowdown of investments. Output varied among various specialties and regions. The decline was above average in civil engineering. The relationship between supply and demand in the construction field has improved. Entrepreneurship in construction industry enterprises has become stronger. On the other hand, some of them were unable as yet to adapt to changing market conditions in a flexible manner. The construction industry workforce has declined while output per employee has increased slightly.

In spite of unpredictable weather and floods, the output of agricultural products rose at a rate near planned levels. The cereal harvest was higher than projected. The corn harvest was somewhat lower than projected. The harvest of potatoes, vegetables and fruits was bigger than last year but smaller than the projections of the plan. Animal husbandry progressed at a slightly more rapid rate than planned. Material and technical provisions for agriculture are satisfactory. Conservation in energy use has increased. Domestic supplies of agricultural and food industry products are good while exports have increased.

Freight and passenger transportation volumes developed in line with existing demand. Total energy use in the field of transportation and telecommunications has declined relative to last year as a result of measures taken to improve energy conservation.

Investment volume declined more rapidly than planned. Declining investments resulted mainly in the reducing the number of newly started investment projects both in the state and enterprise spheres.

Completion of large scale investment projects is proceeding at or over the planned rate. Among the nine large scale investment projects slated for completion, seven have been completed (the Deak bauxite mine, the Belapátfalva cement factory, the Hungarian Viscosa PAN 2, the first phase of the Tisza Oil Refinery, the Hajduság Sugar Factory, the Adria oil pipeline, the Vörösmarty Square cultural center). Small jobs remain to be completed on two large scale investment projects (the mining exploration installations at Recsk and the reconstruction of the Hungarian Roll Bearing Factory). No large scale investment projects were begun in 1980. Fulfillment of plan targets in the area of installations related to apartment construction, the public road network and water management is better than planned. Enterprises and cooperatives spent less for investment than last year; such spending was close to projected levels.

The working age population and the number of employees in the socialist sector have both declined slightly; in non-productive and service sectors, employment has increased. There have been no major problems in employment or labor supply during the year. Manpower reductions have begun in areas specified by cabinet resolutions.

Average wages increased basically in accordance with plans while income from agricultural production has increased at the projected rate. Monetary social benefits are substantially higher than in 1979, mostly as a result of higher family supplements and other measures related to the policy of living standards. The consumer price index and average real wages developed according to plan. The real income of the population has remained the same as last year.

The population saved less of their income in 1980 than last year. The volume of retail trade was below last year's level. Household consumption increased by 0.5 to 1 percent. Consumables and services grew at an above average rate.

On the whole, food supplies were balanced throughout the year. At the beginning of the year, shortages of industrial goods were more prevalent than usual. In the second half of the year, supplies of several product groups have improved. Nevertheless, product selection was often unsatisfactory.

Structural supply of the general population developed more rapidly than planned. 85,000 to 86,000 apartments have been completed: this is in excess of the plan. The number of hospital beds and nursery schools places increased more rapidly than planned; the latter is primarily due to social cooperation. The number of children for whom nursery school places are available is now up to 81 percent. The number of elementary school classrooms under construction is also in excess of the plan target.

#### Main Goals and Projections of the 1981 Plan

The chief task of economic work in 1981 will continue to be to improve the balance situation of the national economy, primarily the foreign trade balance, coupled with the preservation of the present living standards of the population while improving living conditions. The growth and composition of production and domestic utilization are developing in accordance with this goal.

The domestic final utilization of national income may be less than in 1980. This must be ensured mainly by reducing accumulation and especially investments. Consumption by the general population may increase slightly.

Production will continue to grow at a reduced and differentiated rate which is higher than in 1980. Growth is mostly to facilitate expansion of economic exports. Outputs of uneconomic production must be accelerated while the capacities freed by this and reduced domestic demand must be used more effectively to increase exports and substitute for imports. Reserves in work and plant organization, better utilization of working hours, improved work discipline and manpower redistribution must be exploited to ensure faster growth of work productivity relative to production, coupled with more effective utilization of fixed and revolving assets. By improved material and energy conservation and rationalized cost structures we must ensure that monetary costs increase no faster than production.

#### Principal Targets of the 1981 National Economic Plan as a Percentage of 1980

National income	102-102,5
Domestic utilization	99-99,5
Industrial production	103-103,5
National construction and assembly	99
Output of agricultural products	103
Real per capita income	101
Consumption by the general population	101,5

16 billion forints may be spent for investment at current prices by the socialist sector.

#### Industry

Efficient, competitive industrial production may be expanded when consistent with plan targets. Exports of industrial products must be increased more dynamically while at the same time moderately rising domestic demand must be satisfied. Accordingly, production and sales will expand rapidly in the machine industry (especially telecommunications, vacuum technology, instruments and mass-produced metal goods) and in the chemical industry (especially pharmaceuticals, pesticide production, rubber and processed plastics).

Modernization of the production structure will accelerate in line with domestic and foreign demand. Enterprises capable of transforming their product structure and adapting to rapidly changing market conditions will be able to develop dynamically. The system of economic regulators and other measures will help to bring out existing or emerging differences in market adaptability and production efficiency and enable efficient enterprises to make rapid progress. Substantial progress is necessary in the implementation of programs aimed at improvements in the efficiency of the operations of uneconomic enterprises, phasing out uneconomic production and replacing it with profitable operations.

To expedite modernization of production, the central development programs in the aluminum industry, petrochemicals and computer technology will continue. Implementation of central development programs will begin in pharmaceuticals, pesticide and intermediary material production, electronic components and sub-assemblies, improved energy management and increased utilization of scrap and secondary raw materials.

#### Construction Industry

The construction industry must adjust to changing market conditions due to declining investment demands. Investment-related construction will decline but renovation and maintenance work will increase. The task of the construction industry organizations is to become increasingly entrepreneurial, improve the organization of construction activities and work discipline while reducing construction time.

The administration will help to strengthen the balance of supply and demand in the construction marketplace and support enterprises in redirecting construction capacity and labor in line with existing demand. 24,000 apartments must be built using state resources.

#### Agriculture

In agriculture, the task is to approach the 1980 grain harvest, provided that the weather is average. Production of fruits and vegetables and industrial crops will increase.

In animal husbandry, meat production will increase slightly while the output of other animal products will rise more rapidly. Improvements in the price and regulatory systems will help to preserve willingness to raise animals on small farms.

Most of the production increase in agriculture and the food industry will be used to expand economic exports. Existing food supplies available to the general population must also be preserved. The plan assumes that material and energy conservation in agriculture will improve and continue, utilization of existing machinery, buildings and materials necessary for production will increase and auxiliary operations of agricultural establishments will expand.

#### Transportation and Telecommunications

In line with transportation tasks for 1981, freight transportation will expand by 1 to 2 percent while passenger transport will increase by 3 percent.

Output in telecommunications will increase by 4.5 to 5 percent.

#### Investment and Inventories

Investment will decline in the sphere of state and enterprise decisionmaking. Regulation of financial resources available for accumulation purposes will develop accordingly. Investment resources must be concentrated on completion or on-schedule continuation of ongoing investment projects. New investment projects

may be started only in a small number of cases where compliance with technically feasible schedules is assured and the conditions for concentrated execution are present. The following large scale investment projects will be started: reconstruction of the Szolnok Paper Factory and widening of the Arpad bridge; in addition, depending on the preparatory work, development of coal mining in the Mezők region and investment projects at the Many mining installation and the Dunaujvaros coke plant.

In the productive sectors, enterprise investment projects may not be started unless they are aimed at energy or raw material supplies for the national economy, increasing economic exports, effectively reducing imports or have a result in material or energy conservation. Preference will be given to auxiliary development projects leading to relatively quick results by modernizing and improving existing fixed assets.

Inventories may rise in line with the requirements of production and sales. Material and inventory management within enterprises must improve, the work of trade in the means of production and cooperation among enterprises must be tightened.

#### Employment, Income, Consumption and Living Conditions of the General Population

Total employment within the national economy is expected to decline. Transformation of the distribution of employment among economic factors will continue: the number of employees in industry and construction will decline while in the productive and non-productive infrastructure it will increase. The system of job referrals will be modernized in the interests of full employment and smooth hiring of redirected labor.

Preservation of existing average living standards continues as an important goal of economic policy. Average nominal wages and the consumer price index will rise at the same 4.5 to 5 percent rate. Individual earnings may rise in line with qualitative and quantitative performance. Earnings governed by performance are supported by modifications, effective as of 1981, of the base wage system of enterprises and institutions and increased standard wages.

Among social benefits paid in cash, it is necessary to preserve the real value of low pensions. As a result of the effect, over the entire year, of the 1980 rise in family allowances, the real value of family allowances paid to families with 3 or more children will increase.

The volume of retail trade turnover will be 1 to 1.5 percent above 1980. The supply of consumer goods will improve primarily as a result of expanding selection in line with demand. To this end, cooperation between productive and trade enterprises must become better organized and more flexible. New forms of operation and new types of stores will contribute to better quality of service.

76,000 to 78,000 apartments will be built using state or private resources; of this, 23,000 to 24,000 apartments will be built in the form of state investment. Development of the management and distribution of building sites, expanding selection of technical designs and improved financial conditions will contribute to the construction of a substantial number of privately owned residential units.

To improve supplies of health care, about 1,500 new hospital beds will become available. Conditions of in-patient and out-patient treatment will also improve. By the end of the year, the number of places in health care establishments will rise to 96,000. The number of beds per 10,000 inhabitants will reach 92. 1,000 to 1,500 new infant nursery places will lead to improved supplies of child care services. This will mean that almost 16 percent of the nursery places will be available for infants. The percentage of children for whom nursery school places are available will increase. 1,100 new elementary school classrooms will be built to improve public education. The number of places in institutions for the mentally retarded and juvenile homes may be increased slightly; the conditions of high school education and skills training may also be improved. The reconstruction of the Karl Marx University of Economic Sciences will continue.

In terms of major development projects in the area of public education, we will continue the reconstruction of the Buda Castle. Construction of the Budapest Grand Sports Hall will be completed and reconstruction of the Hungarian State Opera will be started.

#### Foreign Trade

In foreign trade the goal is to reduce the ruble foreign trade deficit and achieve a balance in non-ruble trade. Exports will increase by 7.5 to 8 percent while imports will also rise slightly. The technical parameters, quality and transport conditions of products intended for exports must be improved. The proportion of competitive, up-to-date products and the profitability of exports must be increased. Effectiveness of foreign trade operations must be facilitated through better, more active pricing and marketing work.

#### Measures for implementation of the Plan

Some elements of the system of economic regulators will be modified in 1981 to support plan targets. These changes are intended to facilitate coordination of our goals and the means used to reach them, flexible adaptation to changing conditions and rapid emergence of favorable economic results.

The Council of Ministers adopted further measures regarding marketing of crops, foreign trade, investments, incomes and consumer prices, producer prices, development of education and controlling the execution of the plan.

9164  
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NEW ELEMENTS, PROBLEMS OF ECONOMIC REFORM ANALYZED

Warsaw ZYCIE GOSPODARCZE in Polish No 49, 7 Dec 80 p 5

(Article by Jan Muzalek: "Economic Reform -- New Moments")

(Text) 1. The sociopolitical situation after the July-August events and its probable evolution have important implications for the reform of the system of our economy's functioning. I think that three features of this situation are particularly important.

The first is the large-scale industrial working class's awareness of its tremendous strength and power to influence social relations. Its new independent slogans, demands, organizations, and leaders are an expression of this. The persistent attempts to renew the old trade unions and, above all, the creation of new unions out of the mass demonstrations of workers have created and surely will create ever more clearly the new conditions in institutional structures and the balance of social forces at all echelons of management of the economy and the state.

Another feature is the commencement of the development of activity and real democracy in all existing sociopolitical institutions. This process has particular significance in the key points: in the party, the Sejm, and the people's councils. We have the right to expect that these institutions will effectively overcome their traditional weaknesses: opportunism and the erosion of ethical standards among its members, standing on ceremony, detachment from the needs and opinion of the society, and the supremacy of centralism over democratism; that as the result of these processes, usually difficult and painful, it will be possible for it to reduce the distance between the ideals of socialist democracy and its reality, and to discharge its constitutional functions ever more straightforwardly.

The third feature appears in the economic sphere. The inflation gaps of the past few years and their cumulative effect, the so-called inflation overhang, have obtained and will obtain additional sources. Contributing to this are the accelerated rise in population buying power

resulting from the negotiated and promised rises in wages and other nominal income, and the obligations and efforts undertaken to freeze or slow the rise in retail prices; and in the sphere of supply, the restrictions brought about by the just about universal crop failure in agriculture, work stoppages, reduction in working time, and the growing difficulties on the foreign credit market. Published documents and official statements show that economic policy will strive to overcome the gaps largely through supply efforts, on the one hand through maximal activation of foreign efforts, and on the other, where possible through shifting equipment and materials from investment production to production to meet the needs of the retail market and export. Finally, efforts will be made to make up for the shortened working time by using new organizational solutions and increasing labor productivity.

It is unlikely that supply efforts, even the most energetic and effective one, will succeed in the near future in balancing the combination of random factors and demand and price factors, which create the inflation gap. This is, among other things, because of the severe investment restrictions which have been forced ad hoc but which at the same time limit any eradication of the materials coproduction imbalances which have grown up in domestic and foreign relationships. Hence, the coming period will surely be a period of tensions, shortages, and inefficient or not very efficient markets in both sectors: wholesale and retail. Of course, these phenomena should disappear, but in current economic and sociopolitical realities, it does not seem as though the balancing of the economy and the creation of efficient markets can be accomplished immediately.

II. An obvious result of the above-mentioned situation is the rise in the importance of improvement in management effectiveness and therefore of a systems reform. A maximum, very rapid rise in effectiveness, the tremendous role of which has been announced verbally for a long time, has become an absolutely fundamental issue today. It is only through it that we can meet the society's ambitious aspirations and goals. The society, the working class, in particular, no longer wants to or will tolerate the lack of progress obvious to everyone or the recent decline in effectiveness. Hence, improved effectiveness is becoming a condition to social balance, the development of democracy, and a climate of trust and partnership in relations between officials and the population.

The social effectiveness of management is an enormous subject. This time I would like to limit myself to noting three aspects of it. First, the complexity of the phenomenon and its concept. It contains favorable structuring of investment-absorptiveness as an essential element, but it is by no means limited to this. Second, the reserves of effectiveness in our present economy are not meager, and this applies both to so-called hidden reserves and the negative ones, short-term ones and even more so, long-term ones. Third, effectiveness depends on subjecting

the decision-making processes to hard praxeological principles of rational management enriched by innovation. The enterprise plays a key role in popularizing these principles and bolstering them, because up until now only a historically shaped economic organizational unit [i.e., plant and equipment], in which economic rationality linked to innovation could become the rule of procedure. On the other hand the representative bodies and central and local bodies of the state administration building the economy are political bodies and cannot help but be. Economic rationality and innovation and the procedures and criteria required by them are outweighed by the criterion of maintaining power, the action of pressure forces, negotiations, and also the administrative and bureaucratic factor. The strength and narrow-mindedness of these institutions consist of this. The economic functions exercised by them can be made more democratic and effective, and this is extremely important, but it would be an illusion to be convinced that the nature of these bodies can be changed.

The basic significance and urgency of an improvement in effectiveness are therefore equivalent to the significance and urgency of a profound system reform. The traditional command-distribution system, a certain particular variant of which developed during the 1970's, does not contain within it the forces or reserves to turn around the disadvantageous and even socially threatening trends in the effectiveness of our economy. During the latter half of the 1970's we were dealing with not only a decline in progress (improvement) in effectiveness but, according to all probability, with a decline in its absolute level. The current year remains in the above trend, except that the socio-political crisis has strengthened the force of it. The necessity of leading the economy and society out of the directive-distribution system, which could not be done either during the latter half of the 1950's nor the first half of the 1970's, therefore becomes obvious.

Effectiveness is promoted by a reform in the trend toward equilibrium, and this is a basic relationship. There are also additional influences of reform to restore balance, and they are currently very important. First, if we link the flow of wages to the possibilities of the economy and the economic results of the individual enterprises, the reform will provide instruments for control on the demand side. Second, there is an attempt to fix prices and other standards for assessing resources as a natural factor of market balance and proper ration. Third, if we create the circumstances for economic prosperity and dissolve social pressures, our position on the foreign credit market will be improved.

Therefore, economic imbalance, even though it is deep, does not represent an argument to justify the denunciation or overturning of the reform. On the contrary, today there is no serious policy of equilibrium without reform.

III. The current situation creates an opportunity for meeting the political circumstances for a serious systems reform. During the past quarter century their adverse structuring was decisive in dooming to failure successive attempts to pull the economy out of the traditional directive-distribution system inflicted on it at the end of the 1940's and the beginning of the 1950's.

A basic issue among the political circumstances is trust between the leadership and the population. It depends on an improvement in effectiveness and a restoration of balance in the economy, in other words, reform; but on the other hand, trust is essential to get the reform going, and especially to introduce it, because it is only in an atmosphere of trust, good feeling, and a desire to understand the reasoning of the other side that we can count on reasoned control over the streams of nominal income and cash demand. Without trust there can be no rational price policy -- this is key for a reform -- or gradual eradication of the imbalances or transformation of uncivilized inflation into a civilized one, transformation of devastated markets into increasingly effective ones. In this decisive relationship between the economy and policy, a relationship whose direction must be changed from a socially negative one into a positive one, the first move now belongs to policy.

Today the key to economic reform is contained in the profound, rapid renewal of political relations, especially in progressive transformations in the party, the Sejm, and state administration, as well as in the trade unions and their mutual relations. This process has been begun, and the achievements are undoubted. In order to eliminate the lack of trust, it is necessary to continue this process and create a concrete program for the immediate future, a program of which public opinion is aware.

A reform, especially a profound one, requires that the people directing the party and the state have a definitive commitment to it. This is an innovation which is through and through a social one, one which upsets both the routine and position of pressure groups and institutions. Their resistance is natural, and there should be no misunderstanding about this. Our experience and that of others proves this. The reluctance and resistance concerning reform flow from the fear of the new, somewhat uncertain concept, but mainly from the sense of threat to the interests of privileged circles. And it is for this reason that the reform cannot run successfully, if the support for it on the part of the top leadership groups is undecisive and tactical, as it has been up until now.

In order to accomplish a task as complicated as a profound reform is, a tremendous number of central decisions of various types over time, decisions which must be internally cohesive at the same time, are necessary. These decisions consist of systems decisions which define the new principles of the functioning of the economy; regulatory

deviations related to the application of central management instruments, and, of course, allocation decisions by which the distribution of centrally-held assets and the structuring of strategic ratios occur. The social propriety of these decisions and their conformity to the needs of effectiveness and the reform itself must not be based solely on subjective views and the attitudes of people making the decisions or the jurisdiction of their staffs, although these are elementary attributes. In order for them not to be subject to erosion, and such a danger is realistic, as we know, appropriate political mechanisms are essential. They are to be a protection against the authorities' making irresponsible decisions which distort the content of the reform or ruin the conditions for carrying it out. Such a safeguard can be created only by the democratization of socio-political conditions, its maturity, and its unshakableness.

IV. The dispute between advocates of the participatory (self-government) model of the functioning of our economy and those of the managerial (technocratic) model was settled by the working forces. They demanded decisively en masse the independence of the trade unions as a spokesman for their interests and a strong partner in relations with the enterprise directorates and state officials. The new and rebuilt unions are becoming a powerful, dynamic element of participatory management. They are transforming the basically traditional labor-management relations. The development of these directions in the direction of industrial democracy should be considered a foregone conclusion, and today it is mainly a question of seeing that they take place harmoniously, for the benefit of social effectiveness.

The "trade union revolution" contains a lever of progress which can hardly be overvalued, but there is also grave danger: a strict division into the governed and the governing, a weaker impoverished incentive to effectiveness, the creation of excessive purchasing power and inflation gaps, underestimation of developmental needs in the distribution of income and resources. Making the way for progressive trends, on the other hand again, the neutralization of the risks, requires bold, rapid solutions in economic and social principles of the functioning of the enterprises and state bodies. The new nature and role of the unions make the systems reform not only realistic but even necessary. To that end we should postulate that the reform insure the development of the democratic element in all major links in the decision-making processes. Its influence on the economy should become multifaceted. It is to occur not only from the viewpoint of the ongoing conditions of the working forces but also the long-range needs of the society and the demands of effectiveness, including the balanced functioning of the economy. An institutional expression of this is the basic bolstering of the economic functions of the worker self-government, the people's councils, and, of course, the Sejns.

The worker self-government should come next after the trade unions as the basic form of socioeconomic activity of the working forces. This calls for a break-through, because the current self-government institutions have been living through a crisis for many years. Fundamental changes in the organization and authorization of the self-government are essential. Hence, it is absolutely essential to build up the worker councils as the major or only form of self-government at the level of the plant, enterprise, and economic organization. An argument here is the tradition still alive, but above all, we should consider the fact that it is just the councils as a generally elective, sovereign, specialized worker body which appear to be the best suited to take part in management.

The authority of the self-government should be expanded to include all decisions and instances of initiative of the enterprises which a) are important to the functioning and development of the work establishment, b) can be competently undertaken by the self-government. Hence, this would apply to such areas as the following:

Economic goals and tasks of the enterprises and industrial associations, working conditions, including changes in employment, wages, benefits other than wages, and also the organization of work and work rules, developmental undertakings and the more important undertakings in the realm of ties with customers and domestic and foreign suppliers.

In these areas the self-government's authority would have to encompass both the decisions and the instances of initiative (counterproposals) or directives (so long as they exist). The scope of the functions of the self-government should be unrestricted in the realm of initiative, giving opinions, and control. Its authority should be expanded with regard to management staff and the awarding of prizes and merit awards to recognize managers. It should be accepted that in a certain short-term perspective, the members of the directorates of the enterprises will be appointed and removed by the self-government and that they will be responsible first of all to the self-government. The self-government's personnel decisions would then require the approval of the supervising state body, not the other way around.

These solutions would lead to the integration of the working forces and management personnel and involving them in the effectiveness of the enterprises. They would help satisfy working people's nonmaterial aspirations. The basic procedure expressing the new relations would be the autonomous enterprise plan with a broad block of decisions of the self-government. This can be called some sort of "social agreement." In this agreement, which would join apportionment tasks, consumption and effectiveness tasks, and production tasks, the managerial staff would play the consistent role of the staff and executing machinery of the self-government, however.

The bolstering and rationalization of the Sejm's economic functions are usually justified by the fact that certain central decisions should be made by representative bodies, in the name of propriety of the decisions and social support, and also by the fact that serious Sejm control and an assessment of the government's running of the economy is essential for this leadership to be responsible and effective. Today this argumentation must be expanded. As with the self-government in the enterprise, so too the Sejm on the macroeconomic scale is the logical supplement of influence on the economy exerted by the powerful, independent trade unions. For this influence to be creative, to keep it from leading to excessive priorities for current material consumptions and creating an inflationary spiral, its balancing force is essential, a force which would have a high level of social authority, a force with a different scope of responsibility and a different point of view. Here it is not a question of conflict making it possible to relieve authorities of social control in the notion of the rule "divide and conquer." Balancing solutions are required by the mechanism of the democratic running of the economy, in which wise decisions approved by the majority should flow out of the clash of various groups, but these decisions should also try to the maximum extent to take into consideration the requirements of the other groups.

Hence, the Sejm is to make economic decisions for which it has been created in the sphere in which it can be competent. I think that these decisions include those defining the extent of implementation of the various social goals and the allocation of resources at the disposal of the central administration for these purposes; important systems decisions; and decisions about subsidies for enterprises operating at a loss. The traditional charge given the Sejm concerning the formal ratification of a mass of technical and implementing initiatives usually contained in the plan, especially the annual plan, creates the appearance of decision-making authority. If it becomes apparent that certain Sejm decisions cannot be carried out, the government should come up with a proposal that corrections be made.

There are any conditions for bolstering the Sejm's economic functions. An exact specification of the Sejm's decision-making authority and their procedure is needed. The Sejm should have available some professional apparatus, especially control machinery, corresponding to the recent restoration of the functioning of the Supreme Chamber of Control as a Sejm body. Access to economic information must be guaranteed for the bodies and deputies, but the key condition is with the attitudes of the deputies, the way in which they view their authority and their sense of responsibility.

1. Impartial control in a centralized system requires that the state overcomes the strict economic limits (allowable), that is, a fundamental condition and

concerns both the earlier and later more developed phases of the reform. But is it actually realistic, given the nearly universal occurrence of shortages and inefficient markets? I think that the argument about being unrealistic is more apparent than real. The objective effect of the scale of today's shortages, after all, is not the absence of the opportunity for reform, but the scenario for it at this stage.

It is mainly a question of overcoming the myths which have grown up around the objectivity and values of the directives. It turns out that in the areas in which extensive central-level activity is the least disputed: in investments, research and development, and economic cooperation with the CEMA, the traditional directives for the enterprises are by no means either essential or beneficial, and this applies to the initial stage of the reform too.

People advance a convincing postulate that the so-called strategic investments (structural ones) in the production sector, or undertakings named in the central plan, be executed with the aid of contracts between the state and the enterprises. In the event of conflicts with a small account, which is a rather typical situation here, the contract must be linked to a budget-financed subsidy. Besides giving up antieffectiveness directives, a greater good is the monitoring of small-account profitability and budget restrictions on committing general social resources. It is all the more true that the other investments do not need the traditional directives. Central direction can successfully base its work on interest rates, means of information, and the principle of the state body's accepting important undertakings. As a supplementary measure, at the initial stage industrial subbranch credit limits, directive in nature for the banks but not for the enterprises, may become necessary.

There is no reason why the strategic scientific and technical undertakings should not also be effectively carried out on the basis of social contracts (interechelon) bolstered by the possibility of budget-financed subsidies. On the other hand, in regulating turnovers with CEMA countries, financial incentives (preferential treatment) for enterprises to encourage them to use the possibilities described in international agreements may be sufficient. In the case of export, if need be it would be possible to expand the form of agreement between the state body and the enterprises or to develop export licensing. The latter represent directives, it is true, but they fall in the category of acceptance and not traditional directives.

Mass shortages in supply are an objective barrier to overcoming the traditional directives. They create a dangerous situation in which the first stage of the reform cannot reach the "critical mass" stage.

This means the sphere breaking down the mechanism of giving up the directive-distribution system. A packet of complementary solutions is needed to get around this problem.

The basic component of the packet is the whole group of positive interrelationships between the reform and balance, which I discussed in the second part. These links are multifaceted. First of all they are based on improved effectiveness, but they also are the result of the direct influence of the reform on the wage stream, price functions, and credit position on foreign markets. Along with a serious commencement of the reform, all these factors will begin to operate. Hence, in defining the sphere of traditional directives, we should start with the shortages which crop up after the reformed system has begun in part, not those which existed prior to the reform.

Among the conditions to the traditional directives, we should mention the following:

- a) counterproductive consequences of these instruments and their limited ability to achieve the general social purposes of allocations;
- b) the extent and timeframe of the anticipated market improvement, as well as the fact that giving up the traditional directives and shifting allocations to horizontal ties are sometimes the "lesser evil," despite the fact that they are far from perfect at the moment.

Where allocation through still imperfect but improving markets is impossible, we should next avail ourselves of compulsory buying and wholesaling monopolies. Such an organization is strong enough to force producers to supply those assortments of items which customers need most. It can receive central instructions which, according to the situation, take on the form of more or less precise supply preferences in the regional or plant and equipment profile. In supplying the population the content of the instructions can be lists of so-called standard goods which the trade organizations need to provide in adequate supply. An important virtue of this regulation is the decisive role of the horizontal contract relations and the dispensability of tasking directives for the enterprises and production associations.

The above-mentioned solutions make it possible to radically limit central distribution and the related tasking directives. Even with substantial shortages, they should not include more than 20-30 basic materials and raw materials from domestic production or imports from CEMA countries, those of which there is a very short supply and which have a wide range of application. A supplement to this must be the regulation of payment instruments for free foreign-exchange imports, which is also tied in with tasks set by directive concerning income from exports to the non-ruble zone.

Even traditional directives limited to such a sphere can undermine the effectiveness-oriented forces and therefore the sense of the reform. In order to ease this effect, which is extremely important, a number of directional principles should be followed. They are the following:

Rationalization of the comprehensiveness of the directive and then in turn the standards of measurement used to formulate it; it is a matter of seeing to it that the allocations (limits) and tasks really do apply to groups of products in short supply and nothing else, so that as the result of excessive aggregation they have not made adaptations less flexible in areas not needing them and so that the illusion of the central control of allocations is not created;

Endowing directives with an extended timeframe by deriving them wherever possible from the provisions of the five-year plan; we must allow corrections to be made in multiyear directives, but only where it is actually necessary, protecting the interests of the enterprise;

Using appropriate incentives with respect to management personnel to insure that directives take the form of so-called shoreline conditions, which means implementation discipline, and do not create competitive goals;

Flexibility and effectiveness of adaptations beyond the realm of the directives, which first of all can be furthered by exchange rates and commercial prices of the regulated resources; commercial prices could also serve as a parameter of objectivized procedure to protect the interests of the enterprises in the even multiyear directives are changed.

Institutional and legal safeguards are needed to place a limitation on traditional directives. In the institutional area this could be accomplished by expanding the role of the subbranch ministries and changing the plant and equipment structure of the economic organizations. In the legal area, it is a statutory principle that the enterprise is an independent unit and that the limitation of this independence is permissible only on the strength of a regulation of the law. The effective procedure to insure that these principles are respected also requires certain appropriate legal devices.

VI. As everyone knows, the leading component in the self-financing principles of the functioning of the enterprises is the method of creating the remunerations fund. There is agreement that this method on the one hand is to insure a strong bond between salaries and the effectiveness of the enterprise and on the other hand is to take social criteria into account, that is, meet the current conceptualization of social justice. Both of these current comprehensive ideas of reform correctly assume that the enterprise self-government is best served by the creation of a fund based on the working forces' free access to the income of the enterprise. By this we mean the

difference between cash income and all cash disbursements, including expenditures for salaries and wages and the growth of assets. Hence the total of the payroll, social, and development funds in this solution depends on the enterprise's financial results. The state is to exert indirect influence on the distribution ratios, for example, through a progressive income tax, if the rise in mean wages exceeds the limit which is established overall.

Currently and during the initial stage of the reform the above solution surely is and will be unrealistic, because it is doubtful that the workers could be charged with full wage responsibility for the economic results of the enterprise. The workers and trade unions would be unable probably to accept such responsibility, which would not be balanced by privileges.

Hence, it is becoming a temporary solution. In the literature and the discussions attention focused basically on two concepts of such solutions. The first is the modified SOC [great economic organizational] approach, that is, the tying of the payroll fund to net production at the income of the enterprise, using diversified standards of flexibility of participation. The second is the control of the mean wage, assuming that its rise is divided into two parts, the part which is independent of the economic results of the enterprise and the part that does depend on it; general standards of generally (objectively) differentiated standards are used with respect to these two types of growth; the dependent increase is ad hoc or one which terminates and cannot be carried over in full to future periods.

For a long time I have come out in favor of the latter concept. This is first of all because the first concept involves a competitive-recognition procedure of standards. In the projected model of the enterprise this has the same destructive effect on effectiveness that any other individualized short-term directive has. I am afraid that if, despite the nature of this concept, the size of the standard becomes uniform or its timeframe is extended to multiyear periods, the payroll funds, which cannot tolerate movements, will force financial manipulations. In terms of effectiveness, the result is the same as before. The second concept also has its Achilles' heel. As everyone knows, this is the danger of the tendency towards irrational employment. Unfortunately, under conditions where there are deep imbalances in every respect the proper regulation of the payroll fund is unattainable, but the tendency towards irrational employment can be neutralized rather effectively using dependent wage growth, a system of assessment of managerial staff, and the expansion of the social infrastructure to favor the shifting of labor resources. Hence, I am sticking to the latter concept.

Regulation of the mean wage also has the virtue of allowing the collective building towards a system of wage increase indexing. This is essential, given the unavoidable and rather substantial rise in the overall level of prices. As I have emphasized several times,

It is a question of planned indexing. This means indexing based on indices approved by the society for the rise in wages and the cost of living in the national socioeconomic plan.

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CBO: 2600

**NEW AGRICULTURAL CIRCLE STATUTE DRAFTED**

Warsaw CHŁOPSKA DRUGA in Polish 5 Nov 80 Special Annex pp 1-16

**(Text) DRAFT STATUTE OF A MODEL AGRICULTURAL CIRCLE**

**Agricultural Circle**

.....

**gmina ... voivodship ...**

**I. Name, Place of Business and Sphere of Action**

**Art 1**

1. The agricultural circle is a voluntary, independent and self-governing socio-professional organization of farmers, acting as a trade union of individual farmers.

2. The place of business of the agricultural circle is ... and its sphere of action ...

**in gmina ... voivodship ...**

**Art 2**

1. The agricultural circle acts in virtue of the statute adopted by the General Meeting on ... 198...

**II. Purpose and Means of Action**

**Art 3**

The purpose of the agricultural circle is:

1. to influence the increase of production, agricultural progress and dignity of the farming profession;
2. defense of the farmer's interests;

3. representation of professional interests of farmers before state administration and institutions and organizations acting on behalf of agriculture;
4. diffusion of knowledge and enhancement of professional qualifications of farmers;
5. concern for the improvement of social and health conditions of the rural population;
6. improvement in social and cultural life standards of the countryside.

#### Art. 4

To achieve these goals, the Agricultural Circles:

- 1) submits to the authorities, directly or through the unions, proposals and opinions concerning the price system of agricultural products, prices of means of agricultural production, principles of the system of supply contracts of agricultural products, and financial, credit and taxation policy in relation to the countryside;
- 2) cooperates with farmers at large in a thorough utilization of the arable land and forest produce;
- 3) works for a just and rational distribution and utilization of the means of production, especially critical ones;
- 4) exercises social control over the organization and supply of services for the countryside and agriculture;
- 5) puts forward proposals for consideration of gmina authorities and institutions and organizations that service agriculture and countryside concerning the improvement of their activities;
- 6) intercedes in personal matters in behalf of members and farmers at large in cases when they are being protractedly and unjustly handled by the gmina authorities and institutions and organizations that service agriculture and countryside;
- 7) takes advantage of the advice and help of agricultural services for the improvement of professional standards and qualifications of farmers, farmwives and rural youth;
- 8) works for the spread of the modern forms and methods of farming, utilization of proper agricultural technologies of production and its specialization;
- 9) helps young farmers to start independent farming;
- 10) cooperates with the Agricultural Circles' Cooperative in the organization and expansion of machinery services in the countryside and especially:
  - establishes the order of using these services;
  - arranges localization of service centers;

- 11) determines directions of the use of the Fund for the development of Agriculture (FKA);
- 12) initiates, proposes and participates in the solution and satisfaction of social, living, health, cultural, educational, rest, and touristic requirements of rural population;
- 13) participates in shaping social and civic attitudes among members and farmers at large.

#### Art 5

In the event of disregard of its just postulates, the agricultural circle may use the forms of protest provided by the law.

### III. Links of Agricultural Circle

#### Art 6

1. In the framework of the agricultural circle there function automatically:
  - 1) rural homemakers circle;
  - 2) branch sections of agricultural producers (planters and breeders);
2. Moreover, within the framework of the agricultural circle, its members--depending on their interest--may organize into other links, for example: group of young farmers, group(s) of agricultural training, and other groups or sections: production (farming, breeding, machinery, reading-educational, amateur performing groups, etc.).
3. Groups mentioned in para 1 and 2 function within the framework of the agricultural circle on the basis of the present statute and their own regulations.

#### Art 7

1. Female members of the agricultural circle, as well as women connected by the nature of their work with the countryside, organize into the rural homemakers circle for the purpose of conducting production, cultural-educational, and socio-educational activity among women.
2. Detailed aims and principles of the activity of the rural homemakers circle are defined by its bylaws.

#### Art 8

1. Members of the agricultural circle who specialize in a chosen field of agricultural production are organized into branch sections. The branch section of agricultural producers functions within the framework of the agricultural circle and is the basic organizational link of the corresponding union of branch association.

2. Detailed aims and tasks of the section are specified by its regulations and the statute of the pertinent branch association.

#### Art 9

1. The group of young farmers is organized within the framework of the agricultural circle by a group of persons who manage their farms independently or together with parents who have at least a basic agricultural experience.

#### 2. The Group of Young Farmers:

- 1) has the benefit of special care and help of the agricultural circle;
- 2) works to improve professional qualifications of its members;
- 3) participates in the work of the agricultural circle and its self-governing organs.

#### Art 10

The agricultural circle together with the rural youth organization organizes the group(s) of agricultural training whose task is:

- 1) to prepare youth for the agricultural profession;
- 2) to promote agricultural progress.

#### Art 11

1. The agricultural circle, as the social representative of farmers, cooperating with all organizations that operate in the countryside, expresses the needs of the rural population and appraises the extent of satisfaction of these needs.

#### IV. Members, Their Rights and Duties

#### Art 12

1. To become a member of the agricultural circle one must be of legal age and full legal capacity and be:

--the owner or usufructuary of a farm unit;

--major member(s) of their families connected with farming by the nature of their work, including retired persons and pensioners.

#### Art 13

The persons, numbering at least 10, who intend to set up the agricultural circle, shall adopt its statute, confirm it by the apposition of their signatures, and elect the organs of the circle.

**Art. 14**

The founders of the agricultural circle who had signed its statute shall become its members from the moment the circle has been entered in the Register of Associations.

**Art. 15**

1. The acceptance of the persons into the agricultural circle is performed by its board.

**Art. 16**

1. The removal of the name of the person from the list of members of the agricultural circle is performed by the board in consequence of:

1) voluntary resignation of the member;

2) exclusion of the member by reason of the nonfulfillment of statutory obligations, actions detrimental to the circle, mismanagement of the farm;

3) the death of a member.

2. The excluded member has the right of appeal from the decision of the board to the general meeting of the agricultural circle.

**Art. 17**

**Members of the agricultural circle have the right:**

1. to avail themselves of intercessory help of the agricultural circle and unions of agricultural circles for the protection of their rights in case of their infringement by organs of the authorities and administration or institutions and organizations of services for agriculture and countryside;

2. to participate in meetings of the agricultural circle with a decisive voice;

3. To elect and be elected to the organs of the agricultural circle and to the organs of the organization of agricultural circles of the higher level or other organizations of which the circle is a member;

4. to be organized into cells: rural homemakers circles, branch sections of agricultural producers, etc.;

5. to be organized into groups of farmers, breeders, machinery users, producers of building materials, etc.;

6. to be informed about current activities of the agricultural circle and on basic decisions and activities of organs of the organization of agricultural circles of a higher level;

7. to put forward proposals concerning the direction and scope of the activity of the agricultural circle, Cooperative of Agricultural Circles, and unions of agricultural circles;
8. to bring forward proposals--through the agricultural circle and unions of agricultural circles--in matters concerning improvement of services for the countryside and agriculture by other institutions and organizations;
9. to avail themselves within the framework of the agricultural circle and unions of agricultural circles of professional counseling, legal and social aid, and their cultural and other facilities.
10. to share in the division of a balance surplus, if the agricultural circle is engaged in farming activity.

#### Art 18

Members of the Agricultural Circle are under obligation:

1. to take an active part in the realization of tasks of the agricultural circle;
2. to conform to the provisions of the statute and resolutions of the organs of the unions of agricultural circles;
3. to strive for the increase of agricultural production through the adoption of modern management methods;
4. to pay membership fees in the amount established by the general meeting of the agricultural circle;
5. to care for the good of the agricultural circle and its continuous development.

#### Art 19

The settlement in virtue of the contributed share with a member who withdrew from the circle or was excluded from it shall take place within 3 months from the date of the approval of the balance sheet for the year in which the member withdrew or was excluded from the circle.

### V. Organs of the Agricultural Circle

#### Art 20

The organs (authorities) of the agricultural circle are:

1. annual general meeting
2. general meeting
3. board

4. Inspection committee

5. Court of arbitration by fellow farmers

#### Annual General Meeting of Agricultural Circle

##### Art 21

1. The annual general meeting is the highest organ of the agricultural circle.
2. The annual general meeting of the agricultural circle is convoked by the board once a year, not later than 31 March of the next year.
3. The annual general meeting elects each time the chairman and secretary of the meeting and establishes order of debates.
4. All members of the agricultural circle shall participate with decisive votes in the annual general meeting and the representatives of the unions of agricultural circles and cooperatives of which the circle is the member shall have right to participate with advisory voices; moreover, representatives of institutions and organizations that operate in the countryside can also participate.
5. The annual general meeting shall have power of passing resolutions if at least half the members of the circle is present.
6. If the annual general meeting does not take place for want of the required number of members of the circle, the next meeting shall have the power to pass resolutions if at least one-third of the membership takes part in it. The interval between these successive annual meetings cannot be longer than 4 weeks.

##### Art 22

1. If the agricultural circle has many members, then instead of an annual general meeting with participation of all its members there can be held an annual meeting of the delegates of member groups of the agricultural circle in accordance with the principles established by the Gmina Union.

##### Art 23

1. All members must be notified about time, place and order of debates of the annual general meeting in writing, or in any other way adopted in the given agricultural circle, at least 7 days before the date of the meeting.
2. The Gmina Union of Agricultural Circles and Organizations must also be advised of the annual general meeting.

##### Art 24

1. Resolutions of the annual general meeting are passed by a simple majority of votes.

2. Elections of agricultural circle bodies and representatives to the Gmina Congress of Delegates of Agricultural Circles, and Annual Assembly of Agricultural Circles Cooperatives, are carried out by secret ballot, unless the meeting shall resolve otherwise.

#### Art 25

Within the sphere of action of the annual general meeting lies:

- 1) the voting of a statute and changes to it;
- 2) appraisal of the overall activity of the agricultural circle and its links together with work of the board, inspection committee of the circle, and court of arbitration by its fellow members;
- 3) adoption of the plan of activity of the agricultural circle and of the plans of work of its individual links;
- 4) setting the amount of membership fees;
- 5) voting the budget and the highest amount of liabilities of the agricultural circle and also apportioning the surplus and making good losses in the event of economic activity being carried on;
- 6) the election and recall of the board and the inspection committee of the agricultural circle and the court of arbitration by fellow members, as well as of the representatives to the Gmina Congress of Delegates of Agricultural Circles and to the Annual Assembly of Agricultural Circles Cooperatives;
- 7) approval of working regulations of the board and agricultural circle inspection committee;
- 8) making decisions concerning accession of the agricultural circle to the Agricultural Circles Cooperative and other organizations;
- 9) disposal of assets of the agricultural circle;
- 10) hearing appeals from decisions of the board of the agricultural circle;
- 11) hearing reports of representatives to the Annual Assembly of Agricultural Circles Cooperatives.

#### Art 26

Proceedings of the annual general meeting are recorded and its minutes are signed by the chairman and secretary of the annual meeting.

#### Art 27

1. In well-founded cases an emergency general meeting of the agricultural circle may be convened.

2. The emergency general meeting of the agricultural circle shall be convened by the board on a motion put forward in writing together with grounds for such a meeting, by:

- 1) one-third of the members of the agricultural circle;
- 2) the inspection committee of the agricultural circle;
- 3) the Central Union of Agricultural Circles and Organizations.

#### Art 28

The tenure of office of organs of the agricultural circle and its links is 2 years.

#### General Meeting of the Agricultural Circle

#### Art 29

1. General meetings of the agricultural circle are convened by the board periodically at least once in a quarter.

2. The general meeting examines and appraises periodically the activity of the board of the circle and organs of its links along with the progress of the realization of annual working plans.

3. The general meeting of the agricultural circle does not elect and recall members of the board and the inspection committee of the circle.

#### The Board of the Agricultural Circle

#### Art 30

The activity of the agricultural circle is directed by the board.

#### Art 31

1. The board, composed of five to nine members, elected from among its body a chairman, one or two deputy chairmen, a secretary and a treasurer.

2. The board should include: the chairwoman of the Rural Homemakers Circle, chairmen of leading branch sections, and the leading farmers.

#### Art 32

The scope of activities of the board of the agricultural circle shall be:

1) to represent the agricultural circle and socioprofessional interests of members and farmers at large on the outside, including interceding in cases of infringement by organs of the authorities and administration or institutions and organizations of services of agriculture and countryside of rights vested in members and also in nonorganized farmers;

- 2) to direct activities of the agricultural circle and its links in accordance with the statute, resolutions of meetings of the circle, and guidelines of the organs of unions of agricultural circles;
- 3) to convene annual and general meetings of agricultural circles;
- 4) to submit reports, plans and budgets to the annual general meeting, and periodic information to general meetings of the agricultural circle;
- 5) to manage the property of the agricultural circle within the scope covered by the resolution of the annual general meeting, and to administer funds of the agricultural circle within the limits of the plan and budget adopted by the annual general meeting;
- 6) to keep accounts and basic organizational documentation, including collection of membership fees and distribution of identity cards to members of the agricultural circle and its links;
- 7) to admit, remove from the list and exclude members.

#### Art 33

1. The board of the agricultural circle holds its meetings at least once in a month.
2. Resolutions of the board are taken by a simple majority. In the event of an even number of votes, the vote cast by the chairman of the board prevails.

#### Inspection Committee

#### Art 34

1. The inspection committee is the control body of the agricultural circle.
2. The committee is composed of a chairman and from two to five members.

#### Art 35

1. The scope of the activity of the inspection committee is:
  - 1) to inspect the overall activity of the agricultural circle and its links;
  - 2) to inspect the work of the board of the agricultural circle and bodies of its links and the observance by members of statutory obligations;
  - 3) to submit to the annual general meeting of the agricultural circle the committee's report on results of the inspection of the activity of the circle and its links together with a motion to discharge the board;
  - 4) to submit at annual meetings of individual links of the circle the post-inspection information and conclusions;

5) the inspection committee functions on the basis of regulations approved by the annual general meeting of the agricultural circle.

#### Court of Arbitration by Fellow Members

##### Art 36

--is composed of a chairman and two members;

--decides matter - a dispute between members of the circle;

--functions on the basis of regulations approved by the annual general meeting of the circle.

#### General Provisions

##### Art 37

1. The agricultural circle is a member of:

1) Gmina Union of Agricultural Circles and Organizations;

2) Voivodship Union of Agricultural Circles and Organizations;

3) Central Union of Agricultural Circles and Organizations [CZKIOR];

4) agricultural circles cooperative in ...

2. The agricultural circle may be a member of other organizations associated in CZKIOR.

##### Art 38

1. The agricultural circle is under obligation to conform to resolutions and guidelines of:

1) the Gmina Congress of Delegates of Agricultural Circles and bodies of the Gmina Union of Agricultural Circles and Organizations;

2) self-governing bodies of the Voivodship Union of Agricultural Circles and Organizations and the Central Union of Agricultural Circles and Organizations.

2. In carrying out its statutory tasks the agricultural circle benefits from the help of:

1) the Gmina Union of Agricultural Circles and Organizations;

2) the Agricultural Circles Cooperative (SKR);

3) the Voivodship Union of Agricultural Circles and Organizations;

4) Central Union of Agricultural Circles and Organizations.

Art 39

The minutes of meetings and sessions of the agricultural circle are kept in the agricultural circle.

Art 40

1. A resolution of the board of the agricultural circle may be annulled by the general or annual meeting of the circle, and a resolution of the general or annual meeting by the later resolution of the annual general meeting of the agricultural circle.

Art 41

1. A resolution of the annual general and general meeting or the board of the agricultural circle which infringes upon provisions of the statute and is at variance with resolutions and guidelines of organs of the Unions of Agricultural Circles, is subject to annulment by the Gmina Union of Agricultural Circles and Organizations within 30 days from the day of the receipt of the resolution.

2. A resolution which infringes generally binding provisions of the law is invalid by virtue of the law and is subject to annulment at any time.

3. A decision of the Gmina Union of Agricultural Circles and Organizations may be appealed by the agricultural circle to the Presidium of the Council of the Voivodship Union of Agricultural Circles and Organizations within 30 days from the day of the receipt of notification about its annulment.

4. A legally annulled resolution of the agricultural circle organ cannot be taken up again with regard to its content which caused its annulment.

Art 42

Resolutions of organs of the agricultural circle and its links concerning financial and property matters, as well as post-inspection results and distribution of surpluses and rewards, shall be transmitted by the board of the agricultural circle to the Council of the Gmina Union of Agricultural Circles and Organizations within 14 days of their adoption.

Art 43

1. The agricultural circle acquires its legal status on being entered in the Register of Associations.

2. The agricultural circle employing workers is the working place within the meaning of the labor code provisions.

3. The agricultural circle carrying on economic activity is a unit of socialized economy within the meaning of provisions of the civil code.

## **Community-owned Property of the Agricultural Circle**

### **Art. 44**

- 1.** The Agricultural Circle possesses community-owned property that came into being from:
  - 1)** fees, membership shares, income from economic activity and from other own receipts;
  - 2)** endowments and other receipts.
- 2.** This property is at the disposal of the board of the agricultural circle, in accordance with principles of the economic-financial system, for strictly defined purposes of the socioeconomic activity laid down in the plan of the agricultural circle adopted by the annual general meeting.
- 3.** The assets of individual links of the circle are a component part of the property of the agricultural circle.

### **Art. 45**

The agricultural circle contributes to the Gmina Union of Agricultural Circles and Organizations a membership fee in the amount of 10 percent of the sum of membership fees, and in case of the engagement in economic activity, an audit fee to the Voivodship Union of Agricultural Circles.

### **Art. 46**

The agricultural circle has:

- 1.** a round seal with inscription: agricultural circle, with the name of place of business and gmina;
- 2.** an oblong stamp with inscription: agricultural circle, place of business, post office, zip code, and voivodship.

### **Art. 47**

Statements of volition within the scope of rights and property obligations are signed under the seal of the agricultural circle by two members of the board, including the chairman or deputy chairman.

## **Final Provisions**

### **Art. 48**

Dissolution of the agricultural circle may take place on the basis of the resolution of two successive general meetings held at intervals of 14 days and adopted by a two-thirds majority in the presence of at least two-thirds of the membership of the circle.

Art 49

1. The agricultural circle may go into liquidation, if:
  - 1) its activity constitutes an essential infringement of provisions of the law and statute;
  - 2) the number of members of the circle is less than is stipulated by Para 13 of the statute.
2. Decision as to placing the agricultural circle into a state of liquidation requires approval by the Council of the Voivodship Union of Agricultural Circles and Organizations.

Art 50

The liquidators of the agricultural circle are members of the board or persons designated by the pertinent Gmina Union of Agricultural Circles and Organizations.

Art 51

Disposal of the property left after liquidation of the agricultural circle is decided by the Gmina Union of Agricultural Circles and Organizations, which decides as to the manner and succession of the coverage of obligations of the circle taking into account binding provisions of the law.

Art 52

After termination of liquidation, the liquidators submit to the Office of the Registration of Associations a motion of the removal of the agricultural circle from the Register.

This statute has been adopted by the general meeting of the agricultural circle on ..... 1980.. (seal)

Secretary of the General Meeting

..... (signature)

..... (name)

Chairman of the General Meeting

..... (signature)

..... (name)

Secretary of Agricultural Circle

..... (signature & name)

Chairman of Agricultural Circle

..... (signature & name)

Date .....

1915

CSO: 2600

**CEAURESCU VISITS AERONAUTICAL CONSTRUCTION ENTERPRISE**

Bucharest SCINTEIA in Romanian 16 Jan 81 pp 1, 3

[Article: "Working Visit of Comrade Nicolae Ceausescu to Brasov County"]

[Excerpts] The working visit of Comrade Nicolae Ceausescu in Brasov County continued with a visit to the Brasov Enterprise for Aeronautical Constructions, a unit created and developed at the initiative of and with the direct support of the secretary general of the party, the president of the republic, in the framework of the national program for the development of a strong aeronautical industry which will satisfy the ever-increasing needs of the Romanian economy.

The secretary general of the party was welcomed by comrades Gheorghe Boldur, deputy minister of the machine building industry, Ioan Draghici, the mayor of Brasov Municipality and Dumitru Barbu, the director of the factory.

The hosts presented the principal economic indicators of the enterprise which reflect the constant concern of this collective with fulfilling and overfulfilling the tasks of the plan and obtaining high quality, competitive products on the international level. It should be noted, in this regard, that the tasks of the past five-year plan were fulfilled on 30 June 1980 for overall production and on 1 March 1980 for export. This has allowed the collective of the enterprise to obtain an appreciable supplementary production and has made it possible for the export tasks to be exceeded substantially. At present, the enterprise is engaged in the series production of various types of helicopters, airplanes, gliders and motor gliders with a wide range of uses. These products, which are highly technical and technologically complex, include the IAR-330 and IAR-316 helicopters, the IAR-823 and IAR-316 airplanes and the IS 28 M2 motor glider of Romanian design which is highly regarded both in the country and abroad. Significant in this sense is the participation in aeronautical exhibitions--the most recent being in the Federal Republic of Germany, in Hanover--where the products of the factory received unanimous commendations. An absolute world record, which produced a deep impression in international aeronautical circles, was achieved by the IS 28 M2 motor glider. Sold to Australia in a lot of three, the Romanian motor glider went from Brasov to Tocumwal (Australia), a distance of 22,000 km, in 154 hours, at an average speed of 140-150 km per hour and a fuel consumption of 13 liters per hour, crossing areas with very difficult climates and geographic conditions, without suffering any damage. This performance, which puts the Romanian motor glider in the ranks of the best of this type in the world, has caused it to be in demand by customers in the U.S., England, Sweden, Canada, the FRG and other countries with a strong aeronautical tradition.

Comrade Nicolae Ceausescu stressed that, in light of the technical capacity of the factory and the existence of good specialists, current production should be further developed and so should the new types of airplanes of the factory's own design which will correspond, to a greater extent, to the demands of domestic and foreign customers.

Implementing the directives of the secretary general of the party given at the time of his previous visit, the collective of the enterprise has succeeded in devising, on the basis of their own designs, various types of optional equipment which have increased the versatility of the apparatus, thereby obtaining considerable savings in hard currency.

The secretary general of the party asked the specialists of the responsible ministry and of the factory to take action for the integration of all parts and equipment belonging to the aircraft produced in the factory and stressed the need to continue to reduce importing of parts, a practice which hinders the economic efficiency of the plant.

Also, Comrade Nicolae Ceausescu gave special attention to increasing the quality of products manufactured in the factory. Different technologies introduced into the manufacturing process which contributed to the obtaining of high quality products were highlighted. In this regard, it was pointed out that action must be taken to provide the manufacturing sectors with more equipment, by means of self-equipping, and to continually perfect the production processes and technological flows and to improve manufacturing technologies.

In the area of increasing economic efficiency, special attention was given to the problem of reducing the material consumption of energy and fuel, and the efforts to use substitutes--plastics and fiberglass--which provide good resistance and increased liability were commended. The hosts described the measures undertaken for the broad participation of the workers in the management of the enterprise, for raising worker self-management to a higher level, and for strengthening economic and financial self-administration, thus contributing to the accelerated development of production and the achievement of high economic efficiency.

CSO: 2700

ROMANIA

POPULATION STATISTICS (1966-1980) COMPARED FOR 70 CITIES

Bucharest REVISTA DE STATISTICA in Romanian No 11, Nov 80, pp 5-15

(Article by Traian Bratușoiu "A Comparative Chart of the Populations of the 70 Largest Cities in Romania (without Their Suburban Towns); with an Introduction by the staff of REVISTA DE STATISTICA)

[Text] An old and avidious reader, outside Traian Bratușoiu of Călărașești in Vâlcea County, who is now retired, sent us a comparative chart of the evolution of the number inhabitants in 70 cities and municipalities.

Appreciating both the concern and the original nature of such information, we are publishing here both the chart and an explanation, inviting, at the same time, all our readers and correspondents to send to us available information and data, so we can publish it, and which can respond to the interests of certain broad groups of people among our readers.

Explanation: The chart presented covers the evolution of Romanian cities from 1966 to 1980, that is, from the administrative reorganization into counties to the present.

The data are extracted from the annual statistical yearbooks of the Socialist Republic of Romania, also from the SCINTIA almanac or from A. Birsin's "Small Geographic Atlas," editions I and II (which are also based on the statistical yearbooks).

The chart contains the populations of the cities in descending order, assigning them a number ranking which, generally, is different from year to year since the rates of growth of the population are different from one city to the next.

Column 2 contains the cities' ranking, estimated for 1980.

Column 3 shows the estimated population as of 1 July 1980. The calculation was based on the rate of population growth from the 1977 census until 1978 through the use of extrapolation, estimating that this rate of growth remained constant for each city.

Columns 5, 7, 9, 11 and 13 show the populations of the cities on 1 July 1977, 1975, 1973, 1971 and 1966 as taken from the statistical yearbook, while columns 4, 6, 8, 10 and 12 give the number ranking for the cities on this date according to their population.

Column 13 shows the multiplication factor, that is, the number of times the population increased during the 6 years (as published) (1966-1980), while column 14 this increase is expressed as a percentage.

The chart shows that during this period the population of all the cities increased, naturally, in a differentiated manner. It is interesting to note that in 23rd and 24th place are Hunedoara Municipality, with the smallest increase (11 percent), and Rimnicu Vilcea Municipality, which had the most rapid growth (246 percent).

Generally, the cities that became county seats in 1966 grew more rapidly.

This fact demonstrates the superiority of the system adopted by the party leadership and our socialist state for the harmonious economic-industrial development of all the counties in the country.

The growth of the population stems from, on one hand, natural increases (births minus deaths), which is approximately one percent annually in Romania, and, on the other hand, the movement of the population from rural regions because of the mechanization of agriculture, which requires fewer, but more and more qualified, workers.

Something else can also be seen: the industrial municipalities, that are not county seats, recorded a stagnation with regards to population growth. This can be explained by the fact that 25 to 30 years ago workers from all over the country went to these municipalities, especially leaving the more poorly developed regions, and now, through the industrialization of all the counties, some of these workers are gradually going back to their counties where they have found new jobs.

For the population of Bucharest Municipality, the population growth every 2 years shows that between 1971-1973 the population grew by 40,000 persons, or 20,000 per year; in 1973-1975 by 60,000, or 30,000 per year; while in 1975-1977 by over 200,000, or 100,000 persons per year.

(Chart follows on next two pages)

Comparative Chart of the Populations of the 70 Largest Cities in Romania (221 cities) Their Suburban Towns?

Municipality and towns	1 July 1950 (estimates)		1 July 1957		1 July 1963		1 July 1970		1 July 1977		1 July 1983	
	Population in 1950		Population in 1957		Population in 1963		Population in 1970		Population in 1977		Population in 1983	
	Urban pop.	Rural pop.	Urban pop.	Rural pop.	Urban pop.	Rural pop.	Urban pop.	Rural pop.	Urban pop.	Rural pop.	Urban pop.	Rural pop.
MARSHALA TASSI	1 150 000	1	1 620 000	1	2 080 000	1	2 520 000	1	3 000 000	1	3 520 000	1
PIROPORI	2 200 000	2	260 000	2	216 200	2	250 000	2	287 000	2	320 000	2
ULU SARINA	2 000 000	2	1 700 000	2	1 870 000	2	2 010 000	2	2 150 000	2	2 300 000	2
UPASARI	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
CONSTATIA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
GRADALI	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
GRADINA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
PLAN SARI	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
BRADLA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
GRADINA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
ABAD	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
ZIMB	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
BAIA V	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
GRILSII	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
IBRIC MUN.	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
DATA MAN	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
SATU MARE	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
TEZAB	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
HUSITA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
PLATRA NEAMTI	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
DROMULATI	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
SEVRIN	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
INSONDORA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
BAI VRETA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
BORGANI	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
TRGOVISTE	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
FIGU-JIU	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
TURCEA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2
NEVA	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2	2 000 000	2



PROGRAM FOR MANAGEMENT OF WATER RESOURCES DISCUSSED

Bucharest ERA SOCIALISTA in Romanian No 24, 20 Dec 80 pp 17-21, p 47

[Article by Ion Iliescu, chairman of the National Council of Water Resources: "The Water Resources of the Country - A Problem of General Interest"]

[Text] At first glance, the concern appears exaggerated, keeping in mind that the world is covered with enormous quantities of water and that the largest part of the surface of the earth is covered by the waters of the seas and oceans. This is true, however, the salt waters of the seas and oceans cannot now be used to supply drinking water or to meet the needs of industry and agriculture.\* And, these needs are experiencing a spectacular increase as a result of the rapid development of industrial activities, the intensification of agriculture and the extension of irrigations, as well as the development of urban centers and the extension of the water supply system. Usable fresh water for these growing needs of mankind represents five percent of the total amount of water on the globe and, of this, the greatest portion is tied up in the polar ice caps. Water from rivers and lakes, which constitute the principal sources of water supply, represents approximately one percent of the total water on earth.

Differing from the other natural resources which experience a consumption process over time, water has a great quality: its quantity remains approximately the same, permanently renewing itself in the cyclical process of its natural cycle generated by the action of the sun - evaporation, condensation and return to earth in the form of precipitation and, thus, perpetually supplying the rivers, lakes and underground sources.

At the same time, it also presents several great disadvantages:

First, other substances cannot be substituted for it (no one has yet thought of producing "synthetic water");

Second, its distribution throughout the world is not uniform (the largest waterways, the Siberian rivers, the Amazon, the great African rivers, cross lightly populated areas, while the areas with the higher densities have smaller networks of waterways);

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\*The known desalination technologies are difficult and large consumers of energy and, for those reasons, practically inaccessible on a large scale.

Third, distribution over time presents great discrepancies and difficulties for rational use. Most waterways have short periods of heavy flow (related to the melting of snow or seasons of abundant precipitation) when high water and damaging floods occur which require special defense measures, alternating with usually longer periods of insufficient flow (corresponding to dry seasons). These characteristics make the management of water resources a problem of great complexity which involve difficult and very costly hydro-technical projects.

Fourth, the increase in the consumption of water as a result of economic-social development is accompanied by an ever broader process of polluting waterways with industrial and urban wastes or chemical substances used in agriculture, which complicate even more the management of water resources, affecting primary water sources for other uses and having broader implications upon the ecological balance. For that reason, the need to protect the "quality" of water resources becomes one of the most acute problems of the contemporary world and a fundamental condition for providing the water resources necessary for the continually developing uses and consumption.

#### Resources and Demands

What is the situation of water resources and demands in Romania?

There are three main water resources in our country: a) the network of interior rivers, b) the Danube and c) underground water.

a) The interior rivers represent a relatively dense network of waterways which arise for the most part in the mountainous regions in the center and northern part of the country, falling towards the plains, towards the geographic extremities of the country, with all of them, in the end, flowing towards the Danube. This network totals approximately 80,000 km of waterways (without taking into consideration streams, small runs in the mountains or valleys that do not have a permanent flow).

In an average hydrologic year, the interior rivers transport 17 billion cubic meters of water (this represents under 1,800 m<sup>3</sup> per inhabitant, which places us among the poorest European countries with regards to water resources from interior rivers). They are characterized by a non-uniform distribution in space and time. While in the mountain region, where there is more frequent precipitation, the water network has a greater density, in some regions the network is sparse and has poor sources of water (for example, Moldavia, in the inter-riverine region between the Siret and Prut, Dobrudja, the Wallachian Plain and part of the Transylvanian Plateau).

The distribution of the flow over time experiences great differences from one year to another (the relationship between the annual stocks of water from very dry years and those from years of abundant precipitation have values from one to five), and especially during the course of a year: as a result of the torrential nature of our mountain rivers the maximum rates of flow recorded

during high water periods exceed by hundreds and even thousands of times the minimum water levels during the driest periods. For example, one of the most unbalanced rates of flow is represented by the Buzau River (whose hydrographic basin is greatly deforested), where a minimum rate of flow upstream of the city of Buzau of 1.3 m<sup>3</sup> per second was recorded in 1970 and a maximum of approximately 2,000 m<sup>3</sup> per second was recorded in the same river section during flood periods.

This feature of our interior rivers causes the largest portion of the amount of water that is transported during the course of a year to flow in a short period of time, during the high waters of spring and at the beginning of summer, while for long periods during the year the flow is very small. There are two consequences of this phenomenon: the first - the destructive nature of the high waters, with large areas of land and numerous localities and economic projects being effected by the floods; the second - an insufficient rate of flow during dry periods (summer and winter) to satisfy the demand for water. Under natural situations, only approximately five billion m<sup>3</sup> from the annual stock of water from interior waters can be used during the course of a year for different purposes. For that reason, in order to meet the demands for water it is necessary to have special hydrotechnical projects, especially accumulation lakes that can retain ever greater amounts of water during periods of high rates of flow for their use later in the year. At the same time, these dams have the role of contributing to attenuating the high waters and, therefore, to decreasing the effects of floods.

b) The Danube is the most important source of water for our country. A large European river that gathers its waters from a very wide hydrographic basin having different climatic characteristics, the Danube is one of the few rivers in the world with a high degree of natural regulation of its rate of flow (the difference between the minimum and maximum rates recorded in our country is approximately one to ten). With an average annual rate of flow of approximately 6,000 m<sup>3</sup> per second, the Danube transports during an average hydrologic year approximately 170 billion m<sup>3</sup> of water in the section where it enters our country and approximately 200 billion m<sup>3</sup> where it enters the Delta. This noticeably improves the status of water resources of the country. From this supply from the Danube, however, our country can use only a portion: first of all, because the Danube is an important artery for river traffic subject to certain international legal regulations which impose limits upon taking water from the river, in order to ensure the minimum levels needed for navigation; secondly, for the greatest part of its course, the Danube forms the state boundaries of countries and for that reason the amount that can be drawn out is subject to division between the bordering countries; and thirdly, flowing along only the southern and southeastern edge of the country, it can respond to certain demands limited geographically to the areas where it flows. Today, it constitutes the principal source of supply for certain irrigation systems in the south of the country.

c) The waters in the underground-water layers and deep geological strata total approximately 8 billion m<sup>3</sup>. Of this, only approximately 4-4.5 billion m<sup>3</sup> can constitute a water supply source. Normally being good quality water, it is reasonable that they be carefully protected and especially reserved for potable water needs (which is also outlined in our laws).

With regards to the demand for water, there has been a continuing increase in demand that has accompanied the economic-social development of the country, reflecting the process of industrialization, urbanization and modernization of agriculture, especially the expansion of the irrigation.

Thus, the amount of flow drawn off for all these needs has increased from approximately 1 billion m<sup>3</sup> in 1950 to 2.6 billion m<sup>3</sup> in 1960, to 9.9 billion m<sup>3</sup> in 1970 and to over 18 billion m<sup>3</sup> in 1979. The potential level of consumption in 1980 is over 20 billion m<sup>3</sup> (the actual amount was smaller because of the amount of precipitation this year, which led to a reduction in the amount of water used for irrigation).

Within the framework of the total demand, at the 1980 level of demand 2.4 billion m<sup>3</sup> is potable water distributed throughout the water supply network, 8.6 billion m<sup>3</sup> is industrial water and the rest (approximately 10 billion m<sup>3</sup>) is used in agriculture (irrigation).

An element characteristic of the growth of the level of urbanization and the population's ever greater access to the elements of civilization and urban comfort is expansion of the potable water supply systems. Thus, the number of localities connected to the water supply network grew from 101 in 1950 to 1,363 in 1979. The water distribution network increased from 3,700 km in 1950 to 17,380 in 1979. The quantity of potable water distributed increased from 113 million m<sup>3</sup> in 1950 to 2,300 million m<sup>3</sup> in 1979.

In the coming period, the demand for water will continue to increase. Meeting these continually growing demands raises more and more difficult problems from a technical point of view and requires greater costs. For that reason, water is becoming one of the determining factors in making decisions on the location in the country for different water-consuming economic activities; the careful management of water resources and the elimination of risks are becoming problems of great current interest.

We must say that the current levels of water consumption in our country reflects not only the objective process of increasing use of water, but also the un-economic manner in which this natural resource is frequently managed. There is still much waste. First of all, large quantities of potable water (the most valuable) are unjustifiably used in industry (there are also justified reasons, for example, in the food industry or the pharmaceutical industry) or public works - watering down streets or lawns. At the same time, there are large losses of water in the distribution network and equipment (including in the home as a result of defective faucets, bathroom fixtures and so forth). So it is that,

although the percent of homes connected to the centralized potable water network is much smaller in our country, the level of consumption of potable water per capita is close to certain European countries that have a high degree of urbanization. Also, the level of consumption of industrial water is at very high levels because of the fact that there is still little recycling of water, including cooling water.

For these reasons, the conservation of water, the introduction of certain rigorous measures for its rational use and the elimination of sources of waste must become the constant and persevering concerns for everyone involved - the water management organs, the large water-consuming units and each citizen.

#### Water Quality

An essential facet of the management of the country's water resources is protecting the quality of the water, preventing its pollution and purifying used water before it flows back into waterways, which are the supply sources for other users. And here in Romania, the development and dispersal of industrial units having ever more diversified technologies and greater and greater levels of water consumption throughout the country, as well as the development of urban centers, were accompanied by the growth of sources of water pollution. The increase in the number of large zootechnical complexes and the expansion of the use of fertilizers and pesticides in agriculture also transformed this branch of the economy into a large polluter of surface and underground waters.

The expansion of this phenomenon has damaging effects, complicating the status of water resources and making more difficult providing certain new water supplies or compromising them for existing ones.

The purification of used water is a complex process which requires, depending upon the nature of the pollution, special, frequently costly and energy consuming installations. The national economy has made great efforts to equip the economic units and localities with such installations. Compared to only 200 purification stations and installations existing in 1950, their number increased to 1,470 in 1970 and 3,700 in 1980. The state funds allocated to build these installations increased from 125 million in 1950 to 450 million in 1970 and 1,500 million in 1980. Despite all this, of the total of over four billion m<sup>3</sup> of used water that needed purification only approximately 25 percent was completely purified, approximately 45 percent was partially purified and the rest flowed directly into waterways. Many units neglect the on-time completion of investment projects for water purification, increasing the percentage of used water not purified. There is also negligence in ensuring the proper operation of existing purification stations. All this contributes to maintaining an inappropriate situation with regards to the quality of the water in certain entire sections of rivers.

In addition to the large sources of water pollution (industrial units, zootechnical complexes, localities with sewer systems), we should not ignore other widely dispersed sources throughout the country -- garbage dumps of certain

localities located on the banks of certain waterways; spills of oil, petroleum and chemical products at certain petroleum units or at storage depots for chemical materials and substances and unprotected fertilizers, and those that are exposed to rain water; the habit of many citizens of throwing all types of things into waterways or of parking their cars on river banks.

Faced with these phenomena, it is necessary to achieve a common front for a continuing struggle to protect the environment in general and the country's water in particular.

#### The Law on Water Resources

Keeping in mind all these problems raised by the management of the country's water, the need to provide a unified concept in dealing with problems and the need to strengthen state discipline in using water resources - to satisfy all demands along with the economic-social development of all regions, to better coordinate projects and actions to defend against floods and to intensify measures to protect water quality -, in 1974 the Law on Water Resources was adopted. It is a basic law which regulates the principles and standards for managing and using water resources, with the establishment of the responsibilities and obligations of all factors involved - state organs, economic-social units and citizens.

In the spirit of the Law on Water Resources, the National Council of Water Resources was established, a state organ empowered to apply the country's policy in the area of water management, to coordinate at the national level on hydrographic basins and on actions to manage waterways, to currently maintain protective dikes and projects and to exploit hydrotechnical systems and projects, as well as on actions to prevent and protect against the negative effects of water (in high water periods, extended icing over and drought), and to conduct a permanent review on the adherence to consumption norms and norms for the protection of water quality.

To this end, nine directorates of water resources were organized throughout the country, as national organs of the National Council of Water Resources, for the purpose of providing unified coordination in the hydrographic basins, pursuing hydrological phenomena, organizing in a coordinated fashion projects and measures for protection, and using accumulation lakes and other hydrotechnical projects independently from their administrative subordination. At the same time, at the county and Bucharest Municipality level there are offices for the management of water resources, as specialized organs of the people's councils that are at the same time subordinate, from a technical point of view, to the National Council of Water Resources, that ensure at this level the execution of certain projects for the management of waterways, the maintenance of dikes and projects, the direct control over all water consumers and pollution sources, and the technical coordination of protection actions, while also holding the position of technical secretariat of the county commissions for defense against floods and other dangerous meteorological phenomena.

in order to supervise and currently maintain the network of over 80,000 km of waterways and protection projects, water districts have been organized and staffed with personnel - hydrotechnical agents (inspectors) - who have the direct tasks of carrying out certain maintenance projects on dikes, river banks and channels and, at the same time, of guiding actions of this nature initiated by local organs involving the contribution of citizens' help.

This organizational structure permits a comprehensive focusing - at the national and local levels throughout the entire network of waterways - of the numerous and complex actions involved in the activity of managing water resources.

It is understood, however, that the scope of the problems makes impossible their solution by solely the specialized personnel of the water resource management organs, without the broad participation of the other factors and the entire population. For that reason, the Law on Water Resources specifies the responsibilities and obligations of all state, central and local organs, as well as of all citizens with regards to achieving protection projects against flooding and actions for maintaining the hydrographic network, for protecting water quality and for decreasing the sources of pollution in ensuring the rational consumption and elimination of the waste of water resources.

#### The National Program for Managing the Hydrographic Basins

Beginning with the complexity of the technical and economic problems raised by the management and use of water resources and on the basis of the decisions of the 12th Party Congress and the June 1975 plenary session of the Party Central Committee and the Supreme Council of Economic and Social Development, also taking into consideration the conclusions and experiences from the 1970 and 1975 floods that caused great damage to the economy, the National Program for Managing the Hydrographic Basins was drawn up, at the initiative of the party leadership, at the end of 1975 and the beginning of 1976, with the participation of a large number of specialists and institutes for studies and design. Submitted for discussion at the Congress of the People's Councils in February 1976, the program was approved by the Grand National Assembly in April 1976.

The national program constitutes a valuable document, drawn up on the basis of certain complex specialized studies. It establishes the guidelines for a broad action that is to be carried out over an extended period of time by the combined and integrated efforts of all the factors involved in the management of waterways and the use of water and the surrounding lands, being based on a systematic concept of dealing with problems and of working in a field where very many inter-dependent factors are operating.

Although some of the timeframes established in the program will require corrections, keeping in mind the real possibilities of the national economy, the guiding principles and objectives of the program remain valid, with it providing the future guidelines for all activities of the National Council of Water Resources and other organs that execute projects regarding the use of water or that effect the waterways.

Among these the following should be pointed out:

- a) The management of all the hydrographic basins in the country in a unified manner for the complex use of water resources and the provision of water for all uses in keeping with the economic-social development of the country. (To achieve this idea, the National Council of Water Resources drew up, in cooperation with the Ministry of Electrical Energy, the Ministry of Agriculture, the Ministry of Forestry Economy, the Ministry of Transportation, the Committee for the Problems of the People's Councils and other central organs, the outline for managing the hydrographic basins which shows all the projects necessary for the complete and complex use of water resources in each basin.)
- b) The creation of certain accumulation lakes in each hydrographic basin, on a priority basis in the mountain region, as reserves for water for redistributing flow in order to satisfy the demand in each basin throughout the year, concomitantly with the production of electricity.
- c) The combining of accumulation projects for the purpose of attenuating floods with projects to regulate and build dikes along waterways to protect against the flooding of towns and agricultural lands. In this regard, the task was established to build on a priority basis protection projects for those cities that suffered during past floods.
- d) The combined achievement of projects necessary to combat soil erosion and correct waterways in order to protect against the silting of accumulation lakes and waterways. (Experience shows how important a just correlation of these projects is. Not taking this aspect into consideration resulted in some small lakes on the Arges, upstream of the dam at Vidraru, becoming silted in a very short period of time. This occurred because many fast-flowing streams run into these lakes and no measures were taken to hold the soil and combat soil erosion on forestry and agricultural lands in a region where this process is very active.)
- e) The combination of waterway management projects with projects to drain and combat excessive humidity in near-by regions, as well as with irrigation projects.

The program also establishes several quantitative points as physical tasks of the future for the purpose of achieving the above-mentioned objectives. Thus, keeping in mind the unregulated nature of the flow of the interior rivers, it is considered necessary to have 1,400 accumulation lakes with a total volume of 36 billion  $m^3$ , of which 24 billion  $m^3$  of the useful volume of water would be for redistributing flow to meet different needs and 10 billion  $m^3$  of the volume retained in the lakes to attenuate flooding. In order to cover the needs for water in regions with poor resources, it is considered necessary to transfer surplus water from neighboring basins in the amount of 3 billion  $m^3$  by building certain facilities (canals, pipelines, channels) approximately 2,000 km in length (such transfers would be made from the Siret basin towards Jijia, Bahlui, Birlad and the northern Baragan; from the upper basin of the Viseu towards the Somes);

from the Mures towards the Banat; from the Olt towards Videa and so forth). At the same time, the demand for water for different uses (industry, the people, zootechnical complexes, irrigation) will experience a continuing growth, being estimated at approximately 15 billion m<sup>3</sup> after 1990 and at over 45 billion m<sup>3</sup> after the year 2000. This presupposes the extension of management projects on waterways and the provision, on this basis, of the water resources necessary to achieve the appropriate amounts and flow. This means that, to the extent of the increase in consumption, each additional cubic meter of water will cost more and more. In order to combat the damaging effects of flooding by way of the floods that have been repeated throughout the years in many localities and on approximately three million hectares of agricultural lands in flood plains, in addition to the 10 billion m<sup>3</sup> of protective water behind dams, it is estimated that it will be necessary to also carry out dike projects along approximately 9,000 km of waterways and to calibrate channels and protect the banks along approximately 12,000 km of waterways.

For the purpose of reducing the silting phenomenon in waterways and especially in accumulation lakes, large projects will have to be carried out to combat soil erosion (there are 7.1 million hectares involved in the erosion process, of which 4 million hectares are in a more advanced phase) and to collect fast-flowing streams by building micro-dams, gates and protective berms along approximately 9,000 km, as well as to build certain plantations on degraded lands and protective berms in the vicinity of accumulation lakes with the role of attenuating both the flow of moving water and preserving solid material totalling approximately 230,000 hectares. (It must be said that in our country water is the biggest transporter: annually it transports through the waterways over 45 million tons of alluvial material, which represents approximately 2 tons of material transported for each hectare in our country. In the hill and mountain regions that have experienced the broadest deforestation process throughout the years and where the geological structure of the soil is poor, like for example in the bend of the Carpathians in the region of Vrancea, the figure reaches approximately 25 tons of solid material annually transported by water for each hectare.)

At the same time, projects are scheduled to combat excessive humidity by building certain networks of drainage canals (some having a dual role - of also bringing water for irrigation) and draining approximately 7 million hectares (at the direction of the party leadership, these projects will get priority during the coming five year plan in the areas north of Bucharest, the western plains and on the flood plains of Tisza and Bihor, where this phenomenon is widespread).

In order to prevent and combat water pollution and in accordance with the provisions of the Law on Water Resources, any new water-consuming facility that discharges used water (industrial units, localities, zootechnical complexes) cannot be put into operation without the appropriate purification installations. Through Decree No 614 of November 1979, tasks are established for all existing units that are not equipped with purification stations or stations with sufficient capacities to build them during the periods 1981-1985 and 1986-1990, so that in 1990 unpurified used water will no longer be discharged into the waterways.

At the same time, the program emphasizes the need to elaborate measures to improve used water purification technologies; to end production technologies with a high degree of pollution, replace high water-consumption production processes, increase the amount of industrial water recycled, extract and recover useful substances from used water and mud at the purification stations; and, to extend irrigation using used water from the purification stations at localities and zootechnical complexes (certainly, ensuring the appropriate control over the composition of this water and the neutralization of poisonous substances and keeping in mind the structure of the irrigated lands and the level of the local waters).

The national program also calls for the full use of the hydro-energetic potential of the waterways through the management of hydro-power stations (approximately 850 more important ones and several thousand micro-hydro-power stations) with an installed capacity of approximately 11 million kw (of which 2.3 million are from the Danube) and with an annual energy production of approximately 40 billion kw (of which 10 billion are from the Danube and 2 billion from micro-hydro power stations).

Through the management of the Danube, the building of the Danube River-Black Sea Canal and the management of the lesser waterways of the interior rivets, the development of navigation of all these waterways is foreseen.

The program similarly calls for the development of fishing through the building of new pisciculture projects and including the use of accumulation lakes for this purpose.

The use of ballast and sands from the waterways is to be subordinated to the maintenance of channels and areas at the end of accumulation lakes.

All these objectives cannot be achieved except in a combined format and require a large amount of investments, estimated at over 1,000 billion lei, with significant consumption of materials (cement, piping, metals incorporated in equipment and hydrotechnical works) and giant amounts of work in river channels for making canals, dikes and dams, as well as for consolidating banks and calibrating channels, and with significant consumption of fuels and energy necessary for the equipment and transportation to be used in these projects. For these reasons, their achievement will be staged over a long period of time - several decades, according to the possibilities of the national economy.

It is important that the staging of the different categories of projects over time will be done in a rational manner in order to avoid the possible negative effects. For example, the achievement of certain diking projects with the role of local protection for certain neighboring areas without having certain volumes for attenuating flooding can have damaging effects, increasing the speed of heavy rates of flow by restricting the size of the channel and causing the expanse of flooding to increase in the areas upstream. Or, as we have mentioned, the failure to achieve certain projects to combat soil erosion, to correct fast-flowing

streams and to retain alluvial soils or protective baffles in the collection basins of accumulation lakes leads to rapid silting and, therefore, a diminution of the operation of these projects and the efficiency of the investment funds with which they were built.

#### Current Achievements and Tasks

The 1976-1980 five year plan period was also the first step in achieving certain objectives in the National Program for the Management of the Hydrographic Basins. Although short for these categories of projects and although some of the initial provisions were diminished within the framework of the general reduction of investment funds in the economy and, especially, as a result of the need to reduce fuel and energy-intensive material consumption, nonetheless this period had several important achievements.

Thus, the National Council of Water Resources and the Ministry of Electrical Energy built new accumulation lakes with a total volume of over 2 billion m<sup>3</sup>, thus raising the total volume of existing lakes to over 6 billion m<sup>3</sup> (which is still far from the 36 billion necessary in the future, but incorporating the results of certain considerable efforts made by the national economy and substantially enriching the technical knowledge and experience accumulated by the Romanian school of hydrotechnicians). The following also went into operation: the "Stinca-Contenti" dam on the Prut River, built in cooperation with Soviet hydrotechnicians (with a total volume of 1.6 billion m<sup>3</sup>, of which we take into consideration only one-half for our needs and which plays a decisive role in attenuating flooding on the Prut); the "Culbul Vulturilor," "Peroschiv," "Minesti," "Ripa Albastra" dams in the Birlad River basin; the "Catana-Rasti" dam on the Slatna River; the "Tancu-Belcenti," "Plopi," "Cirlic," "Birca" and "Cornetu" dams in the Bahluful basin; the "Bucecea" dam on the Siret River; the "Surduc" and "Nitias" dams in the Timis River basin; the "Virsolt" dam in the Crasna basin (to supply Zalau with water); the "Ighiu" dam near Medias (to supply the Copia Mică Industrial complex with water); the "Gura Riuului" dam on the Cibin (to supply Sibiu with water); the "Lata Sarata" dam in the Ialomita basin - in the National Council of Water Resources Investment plan; the "Sudanca" dam on the Arges River; the "Beasti," "Babeni," "Bureni," "Ionesti," "Zavideni," "Draganesti" and "Strajestii" dams on the Olt River; the "Fintinele" dam on the Sebeș Cold River; the "Yalea lui Iovan" dam on the Cerne River; and, the "Oasa" dam on the Sebeș River - in the Ministry of Electrical Energy Investment plan.

At the same time, work was begun on important new dams: "Iron Gates II;" the "Siriu" and "Surduc" dams in the Buzău River basin; the "Rogojeni," "Galbeni" and "Reaciumi" dams on the Siret River; the "Dragonirno" dam near Sucava; the "Pitcovaci" dam on the Bahluful River; the "Riu Mare-Retezat" and "Tau" dams on the Sebeș River; the "Turnu," "Calimanesti," "Arcesti," "Slatina," "Ipotești," and "Draganesti" dams on the middle and lower Olt River; the upstream "Lotru" and "Pecineagu" dams in the upper basin of the Dâmbovița River; the "Riușor," "Maracineni" and "Golești" dams in the Arges River basin; the "Mineciu" dam on the Teleajen River; the "Frăsinet" and "Gurbanesti" dams on the Hostiște River;

the "Drăgu" dam on the Ialomița River; the "Zetea," "Balazușeri," "Nemea" and "Vinători" dams on the Tîrnava River; the "Colibita" dam in the Somes River basin; and, the "Frumoasa" dam on the upper Olt River, which will be finished in the coming five year plan.

Dikes and river channel regulation were achieved on better than 2,000 km of waterways. Nearly 900 of the 1,500 localities that were effected by the 1970 floods, including Tîrgu Mureș, Reghin, Sighisoara, Mediaș, Tîrnăveni, Alba Iulia, Blaj, Lipova, Arad, Dej, Cherla, Satu-Mare, Urziceni, Slobozia, Buzau, Tulcea, Sultana, Roman, Iasi and Piatra Neamț, today have protection projects which will protect them from flood levels of the same proportions. It must be mentioned that the volume of dike and channel projects is above that stated in the program, getting ahead of the accumulation projects, which will require during the coming period an appropriate reestablishment of the balance between these two categories of projects.

New production facilities were put into operation in hydro-power stations, raising the installed capacity from 2,600 to 3,500 MW and the energy production from 6.7 billion kWh to 11.3 billion kWh (which equals the consumption of 4.5 million tons of conventional coal).

A large number of projects were carried out to supply water to localities, industrial complexes and irrigation systems. Irrigation was extended during this five year plan by 1 million hectares and drainage projects by 600,000 hectares. Projects were carried out to combat soil erosion on approximately 900,000 hectares, to correct 370 km of fast-flowing streams and to forest 300,000 hectares. Compared to the necessary number of projects in the collection basins of the existing accumulation lakes and the ones under construction to diminish the silting process, these are not enough. For that reason, they will have to be amplified during the coming period and appropriately located throughout the country.

During these years, another 650 used water purification stations and installations were built, raising their number to 3,700. Compared to the amount of planned investments during the course of the five year plan, however, these achievements are not enough, with many users and builders not giving them sufficient attention, treating them as non-priority objectives that can tolerate delays and thus violating the provisions of the Law on Water Resources which does not permit them to put production facilities into operation or open housing units without the appropriate used water purification facilities.

In accordance with the Directives of the 12th Party Congress, the next 5 year period will mark a new important stage in the projects for managing the hydrographic basins and waters, with positive effects upon all uses. Using the energy potential of the waterways will experience an intensive rate. New dams with complex uses will appear in nearly all the basins. Projects will be carried out that will play a role in protection against flooding. Large projects will be carried out in integrated systems to eliminate the excessive humidity in the zones to the west, north of Bucharest and in Moldavia. Work on the Danube River-Black Sea Canal will be completed. Irrigated areas will increase by another

600,000 to 700,000 hectares. Projects will be extended to combat soil erosion in forestry and agricultural lands. New projects will be completed to supply water and to purify used water.

An important contribution to the projects to manage the waterways and to maintain them -- the consolidation of banks, the clearing of waterways and the opening of bridges, the cutting of grass along dikes and the redoing of consolidation projects after each high water -- can be made by the population, especially in rural areas, through actions initiated and led by the people's councils. During the course of this past five year plan, the value of this work was approximately 2.3 billion lei. Keeping the fact in mind that from year to year the value of projects on all waterways is increasing, including dikes, bank consolidation, channel regularization, bridges and so forth which require permanent supervision and prompt intervention to fix in time any deterioration that might appear, especially after the passing of high water, it is necessary to increase the attention and concern of the local organs and the active participation of the people in maintaining these projects which, first of all, serve to protect the citizens' towns and farms.

In general, it is necessary for us to develop the interest and concern of all citizens for the careful management of the country's waters, for the protection of water resources and for the conservation and preservation of the quality of the water - this vital environmental factor and essential vector for economic-social development, a basic condition for raising the level of civilization and quality of life of all the people.

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LARGER TRADE UNION ROLE ASSERTED IN WORKERS' RIGHTS

Belgrade RAD in Serbo-Croatian 1 Jan 81 pp 4-6

[Interview with Miran Potrc, chairman of the Council of the Federation of Yugoslav Trade Unions, by Zivoto Kamperelic: "The Voice of the Trade Union Is Not Being Hearded Enough as Yet"]

(Text) When Mika Spiljak, who for several years had been chairman of the SSJ (Federation of Yugoslav Trade Unions) Council and who was the first of the "current" chairmen in federal bodies and agencies, with the exception of the SFRY Presidency and the Presidium of the LCY Central Committee, was reelected chairman of the SSJ Council on 20 April 1979 for a 1-year term, no one could even suspect that he would be succeeded in that position by Miran Potrc, since at that time he was not even a member of the Presidium. It was in his interview last New Year's with RAD that we first learned that Spiljak was determined to carry to the end the initiative which Tito expounded at the Eighth Congress of the Federation of Yugoslav Trade Unions and that he would remain in the Presidium of the SSJ Council as a member. Subsequent to that Janez Barboric, a delegate of Slovenia and one of the permanent members of the Presidium, died an untimely death. Miran Potrc was subsequently delegated to take his place, and then he was elected chairman of the SSJ Council as well.

Looking back on how he came to this responsible position, Potrc relates:

"I was told about my nomination to be delegated as a member of the Presidium of the SSJ Council approximately 2 months before that decision was made, but I learned that I would be chairman more or less on the eve. To be sure, even before that I had been on the list as one of several possible candidates for that position, but I had been trying to put a stop to that effort."

Though sure of himself, he is modest by nature and was doubtful about how he would be received since he previously had not even been a member of the Presidium, though at times he had participated in its proceedings, and since the people did not know him well enough. When I asked him if he feared the task he was accepting, Potrc responded resolutely:

"No, when I was elected, I was not fearful of accepting that task, though I was aware that it would be difficult for me as in fact the 'first 1-year chairman,' especially at a time when we were all just becoming accustomed to life and work following the death of President Tito, at a time when we were putting into effect the system of collective leadership and work, and especially since I was following Mika Spiljak, a man of much greater experience and reputation who had been chairman for several years."

It obviously was not such a simple matter to rid himself of the feeling that he was also entering the Presidium at a young age. Today Potrc is one of the youngest of all members of federal bodies, and at age 42 he is certainly the youngest chairman of any federal body. Perhaps it is a very fortunate thing that the SSJ Council carried out Tito's initiative on 1-year rotation of the chairmanship as it did, without any bias whatsoever. This is best indicated by the following words of Miran Potrc:

"When it had been decided that I would take up these duties, I took the position first of all as a duty and responsibility to myself, and I told my comrades that I would work to the best of my knowledge and ability, just as I had up to that point. I did not create any problems for myself because I had become chairman of the highest body of a sociopolitical organization such as the Federation of Trade Unions. My point of departure was that the chairman is above all a member of a collective leadership, that he can promote success in the joint effort, but that he cannot take all the credit nor all the blame for the overall results."

Miran Potrc gladly agreed to furnish RAD the traditional New Year's interview as chairman. So we are not interrupting this tradition. The only difference is that RAD's New Year's interview with the chairman will each year be with a different member of the highest collective body of the Federation of Yugoslav Trade Unions. We have thus come to RAD's first question put to the chairman of the SSJ Council in this New Year's interview.

[Question] Now that more than half of your term of office as chairman of the SSJ Council has passed, what are your ideas about the possibilities for effective action of the Federation of Trade Unions on those tasks which are important to the working class, to the trade union rank and file?

[Answer] I think on the whole that the organization of the Federation of Trade Unions is certainly good, it is just that we do not always know how to make efficient use of it. We are not taking advantage of all the opportunities either because of ignorance or because we are not militant enough, and at times also because of opportunism. In this respect the SSJ Council and its Presidium can do quite a bit about definition of policy, not only "trade union" policy, but also that policy adopted by other sociopolitical organizations, the SFRY Assembly or the Federal Executive Council; in short, policy above all at the federal level. This is not to be disregarded, but often it is not enough for the workers.

The Council of the Federation of Trade Unions is not always in a position to do a great deal about the conduct of those specific actions in the Federation of Trade Unions which are most necessary to the rank and file, to the workers. The conduct of such actions, that is, depends not only on the readiness of all the republic and provincial councils to come to agreement on those actions, but also on the willingness of all opstina leadership bodies of the Federation of Trade Unions to undertake such actions, and especially, on our abilities to inform the entire membership about the content and purpose of the particular actions, as well as on the entire organization's capability of carrying out the particular actions. The success of such activities, then, nevertheless depends above all on the effort of basic organizations of the Federation of Trade Unions and of the opstina councils. That is why we are paying the greatest attention to enhancing the ability of the basic organizations of the Federation of Trade Unions.

[Question] In view of the fact that you were not previously a member of the Presidium of the SSIJ Council, it is the general judgment that you have done an excellent job in fitting into the work of that body and that you have successfully performed the duty which you undertook. What do you think about this?

[Answer] I have been happy when we have reached successful agreement on certain positions or actions. I have been satisfied when I had the impression that in a conversation with workers or trade union activists at the opstina level I could be of some help in defining the directions of trade union action to clarify the true problems of the workers and to indicate the right method and the right line of action for the trade unions.

I have been dissatisfied when because meetings were poorly prepared, because views were not reconciled or when not enough interest was taken in particular issues, we ended a meeting with positions which were not new and which usually did not reach the workers or could not provide motivation for action.

Certainly this has been too short a time to judge success in performance in a political position. I believe I am doing an honest job, but there must also be results if work has been effective. At this point it would really be difficult for me to evaluate those results.

[Question] Has the voice of the trade union been heard sufficiently, and to what extent is it heeded?

[Answer] On the whole, no, not enough. I think that the voice of the bodies of the trade unions is after all heard quite a bit, though even here there are problems. That is, trade union bodies make no decisions on any money matters, and their voice is heard only when there is a social consensus that the trade union is competent to speak about the issues under discussion. Unfortunately, this is usually when personal incomes and social welfare policy are involved. I do not think this is a good thing. We also

discuss many other issues, sometimes we have good observations or good proposals to offer, but as a rule these observations and proposals are not sufficiently heeded. But perhaps the reason is the persistence of the traditional conception of the role of the trade union, whereby it is usually reduced to its protective function, but perhaps also to some extent we are not always determined enough, nor sufficiently furnished with arguments.

But when I say that the voice of the trade unions is not being sufficiently heard, I am thinking above all of the voice of workers in basic organizations of the Federation of Trade Unions. I think it is here that it is least heard, though that is where it should be most heard. The basis of self-management and also the basis of trade union work are in basic organizations of associated labor, and it is here that the workers exercise their rights most directly and experience various problems. There is no time to analyze all the reasons for such a situation, which I think should be left for another conversation. But the basic organization of the Federation of Trade Unions must above all fight for the positions of the workers and must present them clearly, and all of us in society must create the conditions for them to be heard and heeded to a greater extent.

[Question] Why is the trade union still not more outspoken concerning the vital interests of the workers, and what is to be done for its voice to be heeded still more in society?

[Answer] The trade union will be still more outspoken when a majority of the basic organizations of the Federation of Trade Unions becomes active and when we have a situation where the delegates of the workers--members of trade unions--pass on the problems and also proposals and demands in good time and in specific terms for inclusion in the proceedings of their forums of the Federation of Trade Unions. There is still not enough of this. Before reaching the Council of the Federation of Yugoslav Trade Unions there are many steps at which the direct interests of the workers can be generalized and their demands blunted. As we all know, this also applies to a certain extent to other forums of the trade unions. All the forums, then, must be in more direct communication with the workers and under their control to a greater extent. Then the voice of the workers will no longer be the voice of the Presidium or of the chairman, which does not mean much, but the voice of all the workers expressed through the SSJ Council or its Presidium. And certainly that voice will have to be heeded. Democratization of relations throughout the organization, good mutual linkage between forums and the membership, the timely presentation of problems in specific terms and backed up by arguments, and the submittal of proposals--I take these to be the true bases for the voice of the trade union to be heeded still more in society.

[Question] Since you took office as chairman of the SSJ Council the Federation of Trade Unions has been concerned with many matters, above all those related to carrying out the stabilization program. What do you consider most important in its activity during this period?

[Answer] Here is what I think the Federation of Trade Unions has done in this period:

first, it has contributed to building the awareness and readiness of the workers to strive for implementation of the policy of stabilization and to consciously assume a part of the burden of stabilization. I think that that is very essential;

second, in the name of the workers I alerted the entire society to the fact that there are limits on the possible drop in the real personal income in any particular year and that the workers cannot be and are not willing to be mainly alone in bearing all the consequences of decisions which often have not been made in a process which they influence and that they are therefore demanding that the burden of stabilization be felt more in other forms of expenditure as well;

third, it has helped to create an understanding in society that restricting real personal incomes nevertheless cannot be the principal way of achieving stabilization and of enhancing worker motivation to raise labor productivity and to employ the assets of society more effectively in economic activity. It has demonstrated that there is also a need for greater material motivation of the workers, especially those carrying on the actual process of production so that they are in a position to augment their own real personal incomes through better work, through higher productivity and through better employment of the assets of society in economic activity;

fourth, it has been an energetic and effective participant in defining certain elements of development policy in the coming medium-term period and for the year 1981, and in the positions it has taken and the specific proposals it has presented it has contributed quite a bit in particular to definition of the policy governing the division of income, the policy governing personal incomes, as well as certain elements of social welfare policy.

[Question] Do you think it might have done more and better work, and along what lines?

[Answer] I am certain that it could have done more and better work. I will just give some examples:

i. We nevertheless did not do enough with respect to preparation and enactment of plans on a self-management foundation.

ii. There are still some workers and some organizations who think that personal incomes can be earned without better work or even without income having been realized. But at the same time concerning the division of income there is still in society at large quite a bit of the logic based on allocation or the logic of leveling.

iii. People are still satisfied with merely declaring that remuneration according to work and the results of work have to be introduced more rapidly, and there are not enough specific efforts undertaken, nor enough proposals on the part of the trade unions themselves as to how this should be done more rapidly, there not being any dispute that the aim is justified and necessary.

iv. The workers and the trade unions have not yet been resolute enough in tackling the problem of inflation, the problem of losses, group-ownership behavior, various forms of localism, unwise investment projects, and so on.

v. We on the SSJ Council have not yet seen to it that society fully realizes the need for one attitude in the treatment of personal incomes as a part of personal consumption and an altogether different attitude toward all other forms of personal consumption, especially toward various easy earnings, income not based on work and often realized in a manner that is even unlawful. We must devote more attention to this in the coming year.

[Question] It is usually assumed that when a man takes the kind of position you have held for the last 7 months, he thinks that much more can be done than is actually the case. What is your impression of a man's real power in the position which you now hold?

[Answer] I have held various positions from organizations of associated labor, up through the opstina and the republic, and now to the federal level. I well remember a conversation with Comrade Sergej Krajger, who is now vice chairman of the SFRY Presidency. At that time I was secretary of the opstina committee of the League of Communists in Maribor. At the end of the workday, when in the evening we were talking as comrades, we said in jest to Comrade Krajger, who at that time was president of the Slovenian Assembly, that he had it easy, since he had great power. He answered us by saying that in his experience all of us officeholders in the opstina actually had much greater power than he and his other comrades at the republic level. In many respects I think he was right.

That is, in the opstina and in the work organization there is much more direct influence on living conditions, working conditions, the conditions of self-management, personnel affairs and other circumstances within the actual organizations of associated labor and local communities. And those are the issues which affect most directly the vital interests of the workers. There is not much direct influence that can be exerted from the SSJ Council on all these specific issues within organizations of associated labor. Something can be done about certain individual cases, and of course something can be done to create awareness and general conditions. But when it comes to influence within individual bodies, I think that if democratic relations have been built in the individual bodies themselves--and it is my judgment that they have been getting better and better in the SSJ Council and its Presidium--that influence should depend on the force of arguments, and not on the official position held by individuals.

[Question] Nevertheless, doesn't an official position in some federal body, say, ensure a certain influence?

[Answer] I would not be so bold as to say there is no influence. The official does still have a great deal of information which others lack, he has opportunities for much broader contacts with the rank and file and opportunities to make proposals, his opinions are more evident in the news media, and so on. In spite of that, though, this influence is more pronounced along the line of creating the system and economic policy and self-management relations in general, rather than along the line of actual implementation, which is accomplished most directly within organizations of associated labor and local communities. Here the influence of officials at the federal level is much smaller, and the greatest problems are precisely with the implementation of policy. Sometimes perhaps the workers do not even understand why the Presidium of the SSJ Council cannot bring about improved performance by each of the 46,000 basic organizations of the Federation of Trade Unions or each of the 500 opština councils of the Federation of Trade Unions.

[Question] Certainly the basic power of our self-managed socialist society lies in the working class rather than individuals representing it in various elected offices. Nevertheless, in line with the confidence placed in them, individuals also surely have a corresponding influence in society, and the working class and working people exercise their power through them. It is for that reason that both individuals and groups of workers have had good reason to turn to you for certain interventions....

[Answer] Yes, they have. Many individuals and several groups of workers.

[Question] On the basis of your examination, have these petitions always been fully justified?

[Answer] Most of them were justified, at least partially, if not entirely.

[Question] What is your attitude toward petitions and requests sent to you personally?

[Answer] Up to now I have read and evaluated most of these petitions myself. On some of them I made suggestions to the appropriate staff service within the SSJ Council as to how they should be dealt with, on some I became involved myself -- I saw the workers, I proposed solutions, I wrote letters or made telephone calls.

I was not happy about my involvement. Were there time, I would like to be personally involved in all matters, yet that is not possible. That is why I join my comrades in the Presidium as one of the initiators in forming the SSJ Council's Commission for Petitions and Grievances. Recently it was in fact created, and this is now a competent political body which has a chairman who is a professional, and we will create for him a staff which will be

able to do more competent work on petitions and grievances. I think that this is necessary and a good thing. We are all expecting a great deal from the work of the commission in terms of more effective work on petitions and grievances. Not only in dealing with individual cases, but also in examining and correcting the causes resulting in petitions and grievances and also in equipping the basic organizations of the Federation of Trade Unions so that they are themselves more effective and more active in correcting the causes behind petitions and grievances. This does not mean that I will no longer be involved on my own. I will do this when the commission and I judge it to be necessary. But I would like to enhance the authority of our commission; all of us, including the workers who have grievances and the commission itself, as well as the Presidium must work on that above all and contribute to it.

(Question) The year is going by rapidly. When you took up the office of chairman of the SSI Council, though you had not had an opportunity to thoroughly prepare yourself, you probably had plans of some sort. To what extent have you so far been able to fulfill them, and what has been left undone?

(Answer) My first goal was to further strengthen the social role of the Federation of Yugoslav Trade Unions and its ability to act. In spite of the rather problematical social conditions in which for many reasons--both domestic and foreign--we have been operating this year, in my judgment we have nevertheless created conditions for achieving this on certain of the most important matters by working together in the SSI Council.

Second, I wanted to contribute to further advancement of collective work and responsibility, to still greater participation of all members of the Presidium in proceedings, and to more timely adoption of positions by the Presidium on certain of the most essential issues and conditions for achievement of agreement among delegations of republic and provincial councils within the SSI Council. I feel that we have been at least partially successful in this.

It was my desire that introduction of the 1-year term of office for the chairman should not interrupt continuity of proceedings and efforts, so as not to jeopardize the idea of President Tito in any respect. It is difficult for me myself to judge how much that aim has been realized, but I have the impression at least on the basis of judgments and reactions which I have heard that we have also been successful in this thanks to the effort made by all members of the Presidium.

(Question) Can it be concluded from that that Tito's initiative to introduce collective work and responsibility has already taken root in the Federation of Trade Unions?

(Answer) Absolutely. I also think that we have been relatively successful in carrying out Tito's message at our eighth congress to the effect that

the Federation of Trade Unions must have its own positions on all matters which are of interest to the working class and that it must fight for those views in the context of the basic commitments of our socialist society. The reason that we have not carried out that message to a still greater extent does not lie in our opportunism, but in the absence of positions adopted on the basis of timely agreements, positions that would be sufficiently realistic, clear and documented.

I am less satisfied with performance with respect to two other of my pre-occupations. The first is achievement of still greater concreteness in the views we set forth. Often in meetings we are still talking to one another as though we wished to convince ourselves of things that are well known, as though the principal purpose of the meeting was not to agree on action in specific terms. And the other is to build up greater ability and readiness to mobilize a majority of the rank and file of the SSS in all republics and provinces to carry out certain joint efforts and to follow up on their results. I think that we should work toward making the entire trade union organization more mobile in that sense. Specific results would have to be manifested not only in having our positions incorporated into agreements, resolutions or laws, but also in the faster change of actual practice, at least concerning some specific matters.

[Question] Perhaps I have not freed myself of thinking in the old way, but is it possible within a 1-year term of office to make any imprint on the operation of the organization which you head?

[Answer] Some imprint is certainly possible. A man incorporates a part of himself into every job. Why should he not also incorporate a part of himself through collective work in the Presidium of the SSS Council as a particular example? Should he be successful, he certainly has thereby imposed some imprint on the work of the entire trade union organization. Of course, nothing essential can be altered in 1 year, but I am persuaded that there is no need for that.

[Question] What message do you have for rank-and-file members of the Federation of Trade Unions, for the working people of our country in this next year 1981?

[Answer] Though we cannot be satisfied with many things, taking an objective view, we have still achieved important results in 1980, which was highly problematical with respect to many elements. Aside from the growth of inflation, we did put a halt to many other long-term negative trends in expenditure, the balance of payments and the trade balance. We undertook an important campaign to correct various aspects of stagnation in the continuing development of self-management and socioeconomic relations. We achieved the most essential agreements on the bases of the plan for the coming medium-term period. And we achieved all that thanks to the high awareness and efforts of our workers. The results achieved and the prospects set forth in the medium-term plan are a condition for still faster

achievement of the goals of economic stabilization based on further strengthening of socialist self-management.

Let us be still more consistent in performing our work assignments and on that basis still more specific and critical toward various shortcomings and still more resolute in correcting them. Let creative and responsible work become the basis for still faster achievement of the workers' right to decide themselves on the conditions for realizing and distributing income and to resist more vocally and vigorously all forms of alienation of the results of their work, all forms of negligence, arbitrariness, and behavior that does not conform to the principles of self-management and good management.

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**PROFESSOR DISCUSSES PROBLEMS OF SELF-MANAGEMENT**

Belgrade RAD in Serbo-Croatian 1 Jan 81 pp 18-19

[interview with Ivan Maksimovic, professor of economics at the School of Law of Belgrade University and corresponding member of the Serbian Academy of Science, by Zaja Jovanov: "Politics Is Not Sufficiently Heeding Economics"]

[Text] On the boundary between two medium-term planning periods ever greater importance is being attributed to scientific thought in devising lines of development. Economists are called upon to indicate the signposts of future development on the basis of analyses concerning past economic trends.

The analyses have been made, but there are few indications that in the coming 5-year period a strict division will finally be made as to what is what in income, in personal incomes and on the market. Little indication that we will forego high-flow words to the effect that great success has been achieved, but that the plans have not been fulfilled. Little indication that we will acknowledge errors--as a historical inevitability, and also bear the consequences of our acts. And little indication that we will do a great many other worthwhile things for the health of the domestic economy which we had envisaged in the current planning period.

Development policy from 1981 to 1985 is based, then, on shortcomings which have become almost domesticated in our economy. Certainly everything cannot be overcome from one day to the next, but certain premises of development policy still have the appearance of two opposing directions on the same economic road.

We interviewed Dr. Ivan Maksimovic, professor of political economy at the Law School in Belgrade and corresponding member of the Serbian Academy of Science, concerning certain of our society's experiences and plans concerning development.

[Question] The opening question had to do with the shortcomings and lessons of the previous planning period.

[Answer] Development policy in the previous plan was directed toward strengthening the economic and self-management positions of associated labor, but it resulted in a weakening of those positions. The causes are numerous: the capacity for self-financing of OOUK's (basic organization of associated labor) declined, the economy's indebtedness increased, and at the same time the role of the banking system and the credit and monetary system became stronger in accumulation and generally in the process of reproduction of organizations of associated labor. And then the economic structure ossified, which occurred because of the price disparity between products of the manufacturing industry and those of heavy industry. It has now become traditional for a number of industries and sectors to have an income above the average or an income below the average for the economy as a whole. The cause of the shortcomings lies in the incompleteness and inappropriateness of the system's construction. And also in a certain predominance of political criteria over economic criteria, specifically within the economy.

[Question] Is it possible to identify some common cause of the shortcomings of the domestic economy?

[Answer] One sole cause, no. Yet the most striking cause is the discrepancies between the large systems, institutions and mechanisms for the conduct of economic activity on the one hand and the methods and goals of economic policy on the other. Also the lack of coordination between the Yugoslav economy as a whole and federal units, which are more and more taking on the attributes of sovereign entities. In my opinion this federal sovereignty ought to have more to do with political affairs and less to do with economic affairs.

[Question] The analysis shows that we have eight markets....

[Answer] Judging from figures on trade in goods and services, on the circulation of social capital and labor, that is the truth. The reason is that in a general economic situation that is difficult and with the chronic shortage of income relative to consumption, the regions strive to augment their income solely within their own area, and they see cooperative arrangements with others as only an occasion to obtain resources for more or less autarkic development. They are in fact encouraged to do so by the fiscal system and the system governing distribution of income, which are bound up with specific areas. All in all it is a fact that there are strong tendencies toward disintegration of the Yugoslav market, and this is making it more difficult to equalize conditions for the conduct of economic activity, to create a uniform price for the same finished product, and so on. The underdevelopment of the various regions, which over the last 20 years or so has been increasing relative to the advanced regions, instead of decreasing, as was planned, also stands in a cause-and-effect relationship to the divided market.

[Question] Nevertheless, the unified Yugoslav market which hardly exists in practice is a premise of development plans over the coming 5 years.

[Answer] Certainly, since if the Yugoslav plan is to exist at all, it must be based on uniform premises. However, since the premises have only partially been confirmed in practice, two different components of development operate autonomously from one another. First, that component which demands that the uniformity of criteria be ensured. Second, that component which denotes development goals on the basis of the assumption that these criteria do prevail in practice. I feel that we should conduct a two-channel policy, and it seems there is no other way out. That is, at one and the same time to create uniform prerequisites for development and to realize specific development goals such as structural changes in the economy, raising the rate of the social product, and so on.

[Question] Do you feel that the uniform price for the same product would be a manifestation of a unified Yugoslav market and indication that conditions for the conduct of economic activity have become equal?

[Answer] Yes, but it first would have to be introduced as a planning category, and then with the subsequent thaw in the operation of laws and the market, the uniform price would become not only a normative category, but an actual market category. It appears that the conditions for the conduct of economic activity, as they are now expressed through prices, have only one principle: income and maximization of income. Production costs, which today constitute the largest share in the price structure and price level, are usually given as the excuse for this. A progressive step was taken in primary distribution by the new Law on Prices, in which none of the four pricing criteria has to do with costs. But it seems to me that that did not resolve the real reason for erecting price barriers: the problem of social ownership.

[Question] How do you interpret the antagonism between the theoretical and practical principles of social ownership?

[Answer] In the context of economic theory social ownership implies strict preparation of all portions of income which do not derive from labor. It depends, then, on distribution on the basis of labor, on the homogeneity of conditions for conduct of economic activity, and on full employment of labor and capital. Yet none of those things do we have in practice. Conditions for the existence of commodity producers are uneven. Some inherited fixed capital after the war; some are purchasing fixed capital on credit and paying it off at high interest, and for still others such repayment has long ago been written off. In our type of commodity production we have not found economic mechanisms whereby positions once taken--on the basis of advantages in the size and quality of capital--would undergo change if they proved to be socially unjustified. And I mean radical change. The purpose of such mechanisms would be to avert socialization of shortcomings in the conduct of economic activity.

[Question] What is the cause and what the consequence of socialized economic laws?

[Answer] Our society is still seeking out the laws of the system of a market commodity economy, and it is normal for problems to be encountered along the way, or for them to be artificially created in and of themselves. The fixed capital of society, for instance, is not a commodity, since it does not have its price based on use value to society. The final consumer product is a commodity and has its price. Manpower is not a commodity, but we have the elements of a labor market. All of this has converged in the fact that organizations of associated labor behave like specific commodity producers. On the other hand they do not suffer from business risks: their capital is not lost, and the commodity producer, the OOUR, does not dissolve as such. Economic optimality and efficiency, however, is diminished when commodity production is on that kind of foundation and is governed by criteria of that kind.

[Question] Can that problem be solved by regulating past labor?

[Answer] We have adopted the principle that there is a sole source of income, that income is to be derived solely from labor, which is fine from the standpoint of the Marxist theory of value. However, the size of the income of the OOUR is not influenced exclusively by the productivity of human labor, but also by technological productivity. In a modern economy the latter is frequently more important. But the implements of labor vary from organization to organization. So does income per worker. Such differences will persist so long as the principle that income is created only by live labor, but not by past labor, is applied in practice. Ordinarily the individual is compensated for past labor by being awarded a pension, and this simply orients the workers to proclaim income, on whatever basis it was realized, to be identical to income acquired through personal labor. So long as business is conducted without risks, the idea of regulating past labor will be hard to implement in practice. Perhaps because the relationship that the assets of society are equal to past labor has been "unfortunately" defined. For example, how are we to compute at this point who is to get what share of the income realized by those working at the Djerdap Hydroelectric Power Plant on the basis of past labor?...

[Question] It would seem that the idea of revaluation of fixed capital has experienced a similar fate?

[Answer] Ever since the 1965 economic reform we have as time passed made the entire group referred to as social capital and consisting of plant and equipment "cheap," and we have made labor expensive, and in this way we have lost an important comparative advantage on the foreign market. That is, in order to utilize the comparative advantages of our cheaper labor, we imported capital and producer goods for the manufacturing industries, and we exported finished products to the world market. It no longer pays us to do that in the world economic crisis. Precisely because we have lost our

comparative advantages, we have become less and less competitive, and the level of our exports in world exports is dropping. Nor has that problem been solved this year either by devaluation of the dinar or by larger exports, and there is little prospect that next year, with a 3-4-percent growth of the national income, we will augment exports by 8 percent--as envisaged by the plan for 1981--and thereby restrain inflation. Especially if we continue exporting goods which are lacking on the domestic market and if when selling on the foreign market we drop the price of the commodity and lose business because our exporters are competing with one another.

[Question] Haven't we fallen victim to complexes to some extent? We don't want the world to look upon us as producers of plums and peppers, but as producers of computers.

[Answer] That does exist, though exports are above all dependent on the structure of our economy. But if the Slovenians want to produce color television sets for export in their own factories in this country and in western Europe, this does not mean that everyone should imitate that example. Unless their capacity for self-financing their development makes that imperative. United Nations specialists have computed that Yugoslavia could feed 60-70 million people, yet we are still importing food, indeed staples: grain, meat and sugar. This does not mean that exports should be reduced to products of the food manufacturing industry, but at present they are among our greatest opportunities for export. Nor does it mean that we can alter the structure of imports and exports overnight. We must continue to count on imported raw materials and technology in the future, that is, we must count on a deficit in the balance of payments. What we can do overnight is to put an end to debates over who is entitled to the foreign exchange: for example, has it been earned by the tourist organizations of Croatia, of Slovenia or of Montenegro, or by the Yugoslav economy as a whole.

[Question] There is never enough criticism....

[Answer] Some changes need to be made in the way criticism concerning shortcomings in the system, operational decisions or the instruments of the system is taken. That is, many people regard this as an attack on the foundations of Yugoslav society, but what they are actually doing is to isolate themselves from thoughts about their own responsibility in creating the shortcomings of the system. It is harmful both to the system of self-management production relations and to practical results in material production to overlook the importance of documented criticism.

[Question] How "strong" is the legal basis of counterplanning? The federal agreement on guidance of flows in social reproduction in the coming 5-year period, for example, states that agreements of this kind at the level of the republics and provinces will ensure that self-management accords will make provision for implementing the federal agreement.

[Answer] These are propositions concerning counterplanning that have not been sufficiently thought through. At the same time counterplanning at all levels of decisionmaking is a problem that has not yet been solved as a scientific problem. It is impossible to carry out in operational terms. It is too bad that the laws provide for things which cannot even be approximated in practice. Nowhere does one see in them the order of priorities in time. Which is why the flow of information is still in one direction, from the top down, and there are abundant elements of central decisionmaking. The consequences are great, since in the absence of institutions through which those responsible for planning would contact one another, it is not possible to adopt either timely or competent plans. Between 1975 and 1980, for example, our foreign debt increased from \$7 to about \$17 billion, and during those 5 years no agreement was reached on the limits and types of indebtedness, nor were institutions designated through which this would be done. Any collective that wished to do so contracted indebtedness abroad in any way it knew and could. Along with all of that economic uncertainty is still great, and the impact of inflation can be taken as an example. And quite a few mechanisms have been built for defense against such impacts, and an abundance of closed fortresses of planning have been built.

[Question] In planning which is stated to be general social planning, dare we allow inflationary impacts to any extent? Especially surprise impacts?

[Answer] So long as we import, and we must import raw materials and technology, we will not be immune to the impacts of the world economic crisis. The trouble is that the development strategy initiated by the economic reform was one based on short-term visions, and essential changes have not yet been made in it. At that time we opened up too many fronts, and they have now tied us to what are now hotbeds of crisis in the world economy. And we closed off areas which today would have made us competitive on the world market. That is why we often have two contradictory directions on the same economic road: importation and exportation of the same products.

[Question] To what extent are the lines of Yugoslav development a collection of aspirations, and to what extent are they a set of real capabilities?

[Answer] It is not such a bad thing to draw up a list of development aspirations. This is a normal tendency in the development of socialism since the USSR came into being. It has also been our idea that the strength of the will of the working class is such that we will build communism in several decades. That enthusiasm came in handy in the difficult period of rebuilding the country. But the present market economy must be governed in accordance with economic laws, especially in the case of a small national economy like ours which comes onto the world scene independently. An analysis of the business of several dozen of the most important industries and groupings in this 5-year period ought to be the basis both for a number of individual and intersector economic balances and also of a unified

summary of the potential for our economy's development. At present that is not the case.

[Box, p 19]

[Question] Since adoption of the constitution in 1974 the legislators have been announcing radical surgery of the system of expanded reproduction to the advantage of those who create income. We asked Professor Maksimovic whether guidance of the flows of social reproduction from the higher levels of decisionmaking, as envisaged by documents on Yugoslavia's development over the next 5 years, infringes on the inviolable rights of workers in OOUR's? Here is what he said.

[Answer] I think that the influence of the workers on the flows of expanded reproduction is declining precisely because we have decentralized accumulation, which we did through the provisions of the constitution. The validity of this principle has been negated by practice. This was inevitable--because the level of the OOUR is a low level of decisionmaking for all types of investment projects. It is not possible for every OOUR to see to construction of every capital investment project in Yugoslavia. To be sure, the working class should decide on social reproduction as a whole, but at various levels, through delegates in assemblies and other institutions of our system. The way the delegate system is functioning is another matter. The problem, however, is that the right of the working class has been jeopardized in an aspect that is basic--its right to make independent decisions on accumulation. Its right, that is, to have a true measure by which to evaluate its own labor and to evaluate its association with others.

[Question] Industry, specifically heavy industry, which we are counting on as the backbone of development, is unable by its own efforts to provide raw materials for production....

[Answer] This demonstrates that we have shifted the emphasis in investment to the manufacturing industry and have appeared to free ourselves of the difficulties of the unprofitable raw materials industries. Thanks to imports. Unfortunately, we have merely pushed the problem onto a siding, into an economic blind alley. And now we do not have the wherewithal to return all of this to optimum economic proportions. This is the tribute which we are paying today to economic laws which we did not respect in the past. All this out of a desire to develop more rapidly and to live better than was objectively possible. Many people are still not reconciled to this fact.

[Question] Is it not high time, however, to reconcile ourselves to the fact that as a society which is developing we must inevitably make errors and that moving on from one error to another without saying anything does not lead to progress?

[Answer] It is a fact that our system is a vast area of experimentation, and experiments are always expensive. That is, often one needs to run 1,000 experiments for the 1,001st to succeed. That is what science says. When it comes to politics, and it is the principal factor in the development of society, very bold and far-reaching decisions have been made, and by and large they were correct. Self-management is historically the most promising and most correct decision. But we have gone much further in development of political self-management than economic self-management. There is also quite a bit of discrepancy between political decisions concerning the economy and what is suggested by science, and that has been true ever since the sixties. Often science has served only as the formal wrapper for political decisions. However, one should not be unobjective and overlook the great achievements of our economy. Also, the present set of circumstances is not favorable for us: there are few countries in the world which are not experiencing an economic crisis.

[Question] Nor is science infallible....

[Answer] No, nor will it ever be. However, it was offering other solutions and protective mechanisms before this economic crisis. But introduction of "a minimum rate of accumulation," for example, and the "charge for use of the assets of society" were viewed in certain political circles as an attempt to reinstitute the relations in which the state acted like the owner and to destroy the concept of unified income." But the concept of unified income serves only the statement that the total income of the Yugoslav economy is the work of the working class. At the same time, the conception of unified income does not prevent the sectors of the economy and a number of organizations from persisting in their efforts to preserve market positions and positions in the distribution of income which they acquired long ago.

[Question] Old errors in primary distribution?

[Answer] Those errors were great, but I do not believe that any sort of primary redistribution of income will automatically solve the problems of our economy. Our basic problem is that productivity and operating efficiency are not high enough. Nevertheless, it is a fact that the laws embodying the system which have been enacted so far have done much to overcome shortcomings in self-management and economic practice, including the preservation of positions acquired in primary and secondary distribution.

[Question] The planners of our economic life announce a reform in credit and monetary policy. What do you think about something like that in primary distribution?

[Answer] It is not a question of a real reform. The foundations of that policy are set forth in the constitution, and what makes it a reform is that they are to be optimally applied in practice. Credit and monetary policy and banking policy are looking for a system of our own, and there

are increasingly well-argued demands for that function to be transferred from the government to associated labor. I believe that this should be done gradually and should not be taken to the end point. That is, I feel that even in the context of self-management the government must have certain powers over primary issue. But not the kind of powers it has now whereby, whenever any major problem arises, it appears to solve it--to keep the peace--by printing money. But the devaluation of the dinar means that someone's life savings has been diminished, that the standard of living and real income have dropped--but what does someone in the administration care about that?

(Question) What other shortcomings in capital investment have become domesticated, so to speak?

(Answer) We lack a balance of investment projects, a map of investment developments in Yugoslavia, which would make it possible for Yugoslavia's development plan to channel resources by means of economic policy. In spite of the self-managed communities of interest, we do not have institutions which in conformity with the constitution would perform the free exchange of labor and resources. I think there should be even institutional changes in the system of free exchange of labor, in the organizational structure of the SIZ [self-managed community of interest] first of all. After all, as a practical matter, half of the money contributed for social services is spent by staff members of the work communities of the SIZ's for personal incomes. There would be no reason to condemn even this if even the smallest step forward had been taken toward subjecting flows of resources for social services to the influence of the working class and science. Especially in the sphere of science, education and health care.

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YUGOSLAVIA

LIMITED GROWTH, MORE EXPORTS IN SLOVENIAN INDUSTRY IN 1980

Ljubljana DELO in Slovenian 16 Jan 81 p 1

[Article by Iija Popit: "More Limited Growth Last Year but Considerably Higher Export"]

(Excerpts) Among the first data for 1980 which will be released in the following months, the Slovenian statistical board announced today data on industrial production. According to the data, in 1980, Slovenian industry produced 2.6 percent more than in 1979. If we examine figures for preceding years, we note that in the past 27 years only twice was the growth less than last year's--in 1967 when it was 1.2 percent and in 1976 when it was 2.3 percent. The Slovenian resolution on growth for 1980 was based on a 3 to 4 percent increase in industrial production.

However, last year's more limited increase in industrial production did not affect productivity in industry and last year the number of people employed in industry remained at the 1979 level and was even reduced by 157 people. Thus, last year, labor productivity in Slovenian industry increased by 2.2 percent.

As the figures on production of finished goods show, last year, industry fulfilled the majority of the production tasks for the year and production for December 1980 was 0.8 percent greater than for December 1979. Export plays a large role in sales and last year Slovenian industry, agriculture and forestry exported 34 percent more. In Dec. 1980, Slovenian export, like Yugoslav export, was at a record high. Last year, imports were covered by exports to a greater extent than in any of the past 10 years, namely, by 74.9 percent.

Last year, industry was aggravated by problems with supplies of domestic and particularly, imported raw materials; it also had fewer loans and cash returns, in general, so the payment of bills was poorer. In December, on the threshold of the new year, there was a very limited supply of raw materials and Slovenian industrial enterprises reported a decline in domestic and foreign orders while payment of bills improved somewhat.

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KOSOVO FAILS TO MEET AGRICULTURAL PLAN FOR 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Dec 80 p 7

[Excerpt:] The resolution on the 1980 development plan for Kosovo called for a 2.6 percent increase in agricultural production, through better use of existing potential, more responsible work relations, increased labor productivity, greater saving, and better organization of work. However, the rate of agricultural production was 0.5 percent below the plan, largely because of slow increase in the production of sugar beets, sunflowers, and tobacco.

Unfavorable weather conditions adversely affected crop development, but so did inadequate use of capacities, loose connections between production, processing, and trade organizations, and late purchase of producer goods, all of which have appeared from year to year.

The biggest problem continues to be the lack of raw materials [sugar beets] to supply the sugar mill in Pec. It was planned to plant 3,500 hectares, but only 1,515 were planted in sugar beets. This, along with very low yields, contributed to the fact that the Pec mill processed only about 2,800 carloads of beets, using only 20 percent of its capacities. There was a low sunflower yield (600 carloads) from the 3,422 hectares planted this year, so the oil plant in Urosevac did not utilize its capacities as planned. Low yields were also registered for corn and tobacco.

Grape production was considerably better, with 5,700 carloads harvested, or 54 percent over the plan.

Only 78 percent of the planned area was planted this fall in wheat (instead of 105,000, only 82,500 hectares were planted); planting in some areas was very late and insufficient mineral fertilizer was available, which will have an adverse effect on yields. Consideration is being given to planting spring wheat on the areas which remained unplanted this fall.

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## BRIEFS

FALL WHEAT PLAN UNFULFILLED--The ambitious plan to plant 1,714,500 hectares of wheat in the fall of 1980 has not been achieved. According to the latest data given at a 26 December 1980 meeting of the Federal Committee for Agriculture, about 1,330,000 hectares were planted this fall in bread grain, or 80 percent of that planned; 368,000 hectares of this was planted in the socialized sector (or 97 percent of the plan). (In Vojvodina the plan was, however, surpassed by 18 percent.) In the private sector about 950,000 hectares were planted, or almost 80 percent of the plan, with best results achieved in Bosnia-Hercegovina and Slovenia where private farmers planted 90 percent of the planned area. In Serbia almost one-third less land was planted than was planned. If one obtains the highest average wheat yields of 34.9 metric centners per hectare, a total of about 4.6 million tons would be harvested, which, however, is not enough to meet all domestic needs. In the spring planting, therefore, one must make up for the failures this fall. According to the plan, at least 2.3 million hectares are to be planted in corn this spring, while other grains will be planted on 679,000 hectares, sugar beets on 170,000 hectares, sunflowers on 42,000 hectares, soybeans on 34,000 hectares, and tobacco on 63,000 hectares. [Excerpt] [Belgrade BORBA in Serbo-Croatian 27 Dec 80 p 5]

VOJVODINA AGRICULTURAL RESULTS--Despite the numerous misfortunes which have affected Vojvodina crops this fall and winter, the harvesting is being completed and the fall planting plan has been surpassed. Of the 11 Vojvodina sugar mills which have produced 465,884 tons of sugar, only the factory in Bac is still operating where about 3,100 carloads of beets remain to be processed. Although 366,941 carloads (240,000 tons) of corn have been harvested, 64,203 hectares remain to be cleared, of which only 1,857 hectares are on socialized farms. [Excerpt] [Belgrade BORBA in Serbo-Croatian 9 Jan 81 p 14]

PORT OF KOPAR--Thanks to modernization, the port of Kopar handled over 2.5 million tons of goods in 1980, or 22 percent more than in 1979. It handled 2,075,526 tons of general cargo and 13,608 tons of bulk goods, or 19 percent more than in 1979, as well as 461,328 tons of petroleum and derivatives, or 36 percent more than in 1979. These achievements resulted from introduction of the new container and RO-RO transportation service and the ferry line between Kopar and Tartu, as well as from increased labor productivity arising from better compensation based on work and higher discipline. In 1981 the port plans to handle 2,052,000 tons of general cargo and 500,000 tons of petroleum and petroleum derivatives. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Jan 81 p 12]

OIL SUPPLY IN 1981--The 1981 plan calls for supplying the domestic market with 10.2 million tons of imported oil, or about 6 percent less than in 1980. In addition, 1.2 million tons of oil derivatives and 2 billion cubic meters of natural gas will be imported; \$4.25 billion will be needed to pay for this, assuming a somewhat slower increase in world oil prices. Added to this will be 4.3 million tons of oil which will be produced domestically, but this will nevertheless not meet all Yugoslav market needs. Supply difficulties will be felt, especially mazut for use in thermoelectric power plants. There must be greater orientation toward solid fuels, gas, and other domestic sources. Of the total amount of imported oil, 5.48 million tons will go to the INA (Oil Industry, Zagreb) refinery, 2.89 million tons to the "Naftgas" refineries, and 1.81 million tons to the refinery in Bosanski Brod. Because the new refinery in Skopje is expected to go into operation during 1981, INA will surrender to the new refinery about 600,000 tons of oil earmarked for the Macedonian market. If work continues as planned, the new Skopje refinery could begin work on 1 July 1981. Special attention will be devoted in 1981 to gasoline production for the petrochemical industry. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Jan 81 p 11]

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